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UNIVERSITY OF ALBERTA

CREATING A FRAMEWORK FOR PROGRAMS TO TRAIN ABORIGINAL CANADIAN ENTREPRENEURS

BY

B. Richard Hinton (C)

A Thesis submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Master of Business Administration in Organizational Analysis.

FACULTY OF BUSINESS

Edmonton, Alberta
Fall, 1994

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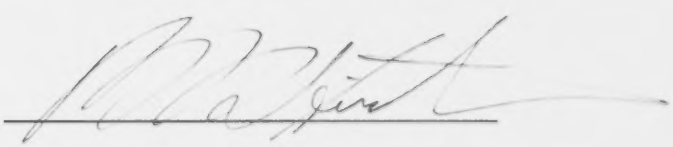

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ABSTRACT

Entrepreneurial training should focus on the needs of individual students. Instead, all students commonly are offered similar programs. Government assistance and lenders similarly assume that "one size fits all". When importing non-native programs into aboriginal communities, a good fit is even less likely. A three part procedure is proposed to customize the training to the individual. The parts can be addressed in any order.

Part one determines the generic program offered by the institution. Programs for "small business managers" should concentrate on daily operations and finances instead of marketing, because such businesses often are kept small so the owner can retain total control. "New venture development" programs concentrate on marketing and business starts. Operations training is secondary. True "entrepreneur" programs involve strategic management, creative financing and effective delegation. The skills required for any of these three generic areas are inappropriate for a person in either of the others.

Part two examines each firm under six categories essential to business success. Resources are most effectively applied to the weakest area. Resources applied to other areas will be ineffective in increasing capability. By sequencing these six areas, several thousand custom designed programs are available.

Part three involves examining the business owner's personal "mode of entry". Those starting businesses to capitalize on an opportunity, or who had no other choices available, or who had overwhelming entrepreneurial drive need training in similar areas. But those starting businesses because they are psychologically unsuited to working for others ("socially marginal") need their self esteem and other aspects of entrepreneurial flair addressed. For many reasons, a higher proportion of natives than non-natives should enter in the social marginality mode. Most existing training and assistance programs are based on the other modes.

For many native business owners, an incubator sensitive to the local culture is important as they start their business, although incubators in tiny communities cannot be justified financially. By training and using local native economic development officers as trainers and mentors, these difficulties may be resolved.

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CREATING A FRAMEWORK FOR PROGRAMS TO TRAIN ABORIGINAL CANADIAN ENTREPRENEURS

CHAPTER 1

INTRODUCTION

The purpose of this work is to set out guidelines for determining the appropriate course content and program structure when training entrepreneurs. Because of the interest of the author and the demand for programs appropriate for the newly-emerging economies of aboriginal communities in Canada, special consideration will be given to the needs of aboriginal Canadian entrepreneurs - especially status Indians.

It is an underlying premise that the content of an entrepreneurship training program must be customized to match the students' needs if it is to be effective. Accordingly, the various parts of this paper provide techniques for gradually determining that content, using three separate perspectives: the type of program being considered, the skill deficiencies of the specific firm or proposed firm, and the mode of entry for the entrepreneur or small business owner. This paper does not outline specifically what the content should be, because that depends upon the students and their backgrounds.

BACKGROUND TO THE PAPER

The author owned or operated a variety of businesses over a period of more than two decades prior to attending the Master of Business Administration program at the University of Alberta. In addition to businesses owned or controlled by the author, these included firms which the author managed as a consultant specializing in financial restructuring and "turn arounds". During that time, he operated businesses which are defined later in this paper as new ventures, as small businesses, and as entrepreneurial enterprises, and so brings a unique perspective to the work based on a broad range of business experience.

As have so many novice businessmen, he started his first venture with appropriate product-related technical skills but with no business skills or training at all. That lack of business skills, of course, precipitated a succession of business problems. It was found that the nature of the skills required - in chronological order - could be classified as being the day to day financial management skills of the small business owner, the marketing skills of the new venture developer, and the strategic and personnel management skills of the true entrepreneur. In the course of acquiring such skills, the author made and lost a paper profit of over one million dollars, and then returned to profitability with successful entrepreneurial ventures.

The author now is involved with training entrepreneurs in an academic institution and has examined a variety of programs, finding that few of the "entrepreneurial training" programs currently offered by colleges and other educational institutions would have been as useful in the early stages of his personal business development as they could have been. So he has been seeking better models based on experience both in business management and in entrepreneurial training.

The author has had numerous discussions with other business owners, and has found a similar pattern emerging in their personal business skill development needs: day to day operations first, then marketing, and finally strategy and personnel management. Business owners who are in each stage of that development seem to exhibit similar characteristics. Those who are in the stage of learning about day to day operations seem to be very interested in personally controlling every aspect of their business, and keeping the business sufficiently small that they can do so. Or, alternatively, they may risk everything on one great "roll of the dice", believing that their business actually is out of control and is about to collapse, thus proving that they are indeed the "fraud" they believe they are. Those who have moved on to marketing orient themselves towards developing new ventures or completely new product lines which amount to new ventures, although they still try to maintain control. And those who are finally at the stage where they can adopt a strategic vision for

others to follow tend to delegate extensively and to seek complementary product lines in a risk-moderating style.

It seems illogical to assume that business owners and managers who are in these different stages of personal development need identical training and education. Indeed, it seems that training in business skills, in many cases, is less important than psychological adjustment. Training programs may need to be more carefully targeted at the individual than is commonly the case.

Another characterictic of the assistance provided to business owners which the author has always found curious is the "track record" concept. If a business is supplied assistance and is successful as a result, the working assumption seems to be that such a track record justifies more assistance of the same nature. For example, if a business achieves a measure of success after obtaining some financing, additional financing commonly is made available until such time as the business expands beyond the administrative capability of the managers and then it collapses. The real cause of such failure is an over supply of a single resource without proper consideration of the suitability of related resources, such as managerial competance.

The same argument can be made for training. If a business succeeds as a result of the owner applying skills he learned while attending a Bachelor of

Commerce degree program, there is a tendency to assume that having him complete a Master of Business Administration degree will improve the business further. But that will not be the case if the real need for training is in technical product knowledge instead of additional business skills.

Finally, the author has spent the last four years as Director of the Centre for Aboriginal Management at the University of Lethbridge, teaching aboriginal students business management and entrepreneurship and managing research projects in these topics for aboriginal people. This included a number of field programs in Quebec, Ontario, Western Canada, and the North West Territories. The author has experimented with and tested a number of the concepts presented in this thesis while training these aboriginal entrepreneurs and economic development officers, and the results of this work are informally integrated with the thesis.

A number of observations were made about this clientele. First, there are significant cultural and value system differences for which allowance must be made. Not only are non-native programs culturally inappropriate, but programs developed for one native group often are unsuitable for another group because the differences between the groups are often as great as the differences between aboriginal Canadians in general and non-native Canadians. Second, the concept of entrepreneurship dominant in Canada - individual

entrepreneurship on the American "rugged frontiersman" model - is not the only valid model. "Family entrepreneurship" common in Europe and among immigrant Canadian families or "community entrepreneurship" found in Latin America and parts of Asia seem equally valid, and may be more appropriate for the aboriginal Canadian cultures than the individual model dominant in North America and commonly discussed in academic and popular literature.

Third, many (perhaps even most) aboriginal Canadians have limited exposure to business operations in a free enterprise environment except within the protective shell of the federal government. Business plans produced by such potential business owners and examined by the author commonly are impractical and fail to raise capital from the private sector as a result.

Fourth, for a variety of cultural, social, and historical reasons, psychological readjustment may be more necessary for aboriginal entrepreneurs than for non-native entrepreneurs in Canada. Training programs which concentrate on technical skill development miss the essential area of the psychological state of the business owner. While this omission is important when dealing with business owners in general, in the author's opinion such an omission would represent a major failure in programs proposing to address aboriginal Canadians.

As with many such papers, this one represents a personal journey of discovery for the author. It is partly an attempt to explain the dynamics of a career which has been so different from that of the average academic or the typical young graduate student, but is so typical of many business owners. It is hoped the reader will recognize that a volume of academic research by others has been filtered through the sieve of practical business experience and field training programs to arrive at conclusions which may be useful in designing programs. However, the hypotheses presented in this thesis have not been formally tested. The methodology, therefore, is best described as literature research, coupled with - and modified by - anecdotal evidence from the author's experience.

DEFINING THE REFERENT GROUP AND ITS IMPORTANCE FOR UNIQUE PROGRAM DESIGN

In this work, the term "Indian" is reserved for a person defined as an "Indian" under the Indian Act. In 1990, this included about 490,000 Canadians (DIAND, 1991), some of whom would object to being called "Canadians". Almost all of the 490,000 are "aboriginal". The rest, through marriage, adoption or other means, have acquired legal status as an "Indian" even though they are of non-native ethnic origin. Also included as "Indians" could be the approximately 40,000 Inuit, who are ethnically distinct, but who have been considered by courts to be "Indians" for the purposes of the Indian Act.

The term "native" is commonly used to mean people whom the Canadian constitution of 1982 referred to as "aboriginal". Accordingly, "aboriginal" and "native" have been used interchangeably to identify those people who are generally descended from people who inhabited North America prior to European contact five centuries ago and who identify themselves as "native" or "aboriginal". In addition to "Indians", they include the approximately 270,000 Canadian Metis, and the estimated 450,000 "non-status Indians" who consider themselves descendants of the aboriginal inhabitants, but who are not recognized as "Indians" under the Indian Act for a variety of reasons.[1]

Not included as "aboriginal" or "native" are those people who are not decendents of aboriginal inhabitants, but who are status "Indians" under the Indian Act. "Non-native" will refer to all other inhabitants of Canada, whether of European descent or otherwise. In 1990, only about 293,000 Indians lived on Indian reserves (DIAND, 1991), constituting about one-quarter of the total native population of Canada.

---

[1]With the exception of "Indians", the population figures referenced are from internal documents of CAMET, the Centre for Aboriginal Management at the University of Lethbridge. They differ from figures commonly used by government bodies. The author notes that the Assembly of First Nations has claimed to represent 1.5 million aboriginal people (Erasmus, 1989). In contrast, officials in the Department of Indian Affairs and Northern Development ("DIAND") in 1989 conversations with the author referred to 400,000 "Indians and other Native people", in 1991 referred to "about one million Aboriginal people", and by 1992 were discussing the "over one million Aboriginals". It appears the official accounting is beginning to close on CAMET's figure of about 1,250,000 people. The uncertainty of the numbers, however, must be emphasized.

Only about 5% of Canada's population is included in this definition of "aboriginal", and about 8% of Alberta's population (CAMET, 1992). But, because the native age distribution is dramatically skewed towards younger ages, in contrast to the age distribution of the non-native population (Statistics Canada, 1986), it has been estimated that 25% of the young entrants into Alberta's work force during the next decade will be aboriginal (CAMET, 1992). DIAND (1991) notes that the growth rate in the Indian population ranged from 2.4% to 4.2 % per year during 1985-1990, compared to 2.0% to 2.95% the previous five years.[2] This may be compared to the overall Canadian growth rate of just 1.2% to1.5% per year in the 1981-1986 period (Statistics Canada, 1986), which includes immigration. By definition, of course, the "Indian" figure excludes immigration, except for that handful of aboriginal people who immigrated to Canada from the United States (about 10,000 total Canadian residents, according to Statistic Canada, 1986).

At a time when the unemployment rate in Alberta is about 10%, the unemployment rate among aboriginal Canadians is closer to 25% (Statistics Canada, 1986), and up to 80% on many Indian reserves (AFN, 1991), in spite of labour force participation rates among over-15 year old natives as low as

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[2]Prior to 1985, female Indians who married non-Indians lost their "status" as Indians under the Indian Act. In 1985, Bill C-31 changed that procedure, and allowed these women and their children to apply for reinstatement as status Indians. According to DIAND (1991), that increased the growth rate in the status Indian population to the 5.11% to 7.66% range during the 1985-1990 period. But, as such people were always aboriginal, whether they were status Indians or not, this does not affect this thesis, which addresses aboriginal Canadians, not just Indians.

53% (males) and 32% (females) (DIAND, 1991). Natives aged 15 to 24 years experience nearly twice the unemployment rate of older natives. If one accepts the estimate that one-quarter of the entrants to the Alberta labour force during the next decade will be native and assumes an average 50% unemployment rate among younger natives, that will produce a 12.5% unemployment rate among young entrants to the Alberta labour force over the next decade, even if every single young non-native is fully employed. This has significant implications for public policy and for federal and provincial budgets ranging from the cost of social program through to tax revenue. Clearly, if successful, the impact of employment creation through entrepreneurship training for aboriginal people could be substantial in Canada and especially so in Alberta, and that impact will extend well beyond the native individuals involved.

CHAPTER 2

DIFFERENTIATING BETWEEN ENTREPRENEURSHIP, SMALL BUSINESS MANAGEMENT, AND NEW VENTURE DEVELOPMENT COURSES

Any institution wishing to train people must start with a working definition of the topic being addressed by the program. The growing popularity of entrepreneurship as an academic discipline has caused a number of recent writers (Hisrich 1988, Sexton 1988, Brockhaus 1988, Wortman 1986, and others) to attempt a more precise definition of entrepreneurship. Hornaday (1992) summarizes their efforts by observing that, in spite of numerous attempts, "there is no accepted definition - working or otherwise - of the terms "entrepreneur" and "entrepreneurship"." So how is one to create a credible course in such a topic?

Hornaday (1992) makes a useful contribution by using a fuzzy set approach. Instead of rigidly defining a firm or individual as "entrepreneurial" or "not entrepreneurial", he defines entrepreneurship "as residing within a conceptual space bounded by three dimensions:

1. Economic innovation,
2. Organizational creation, [and]
3. Profit-seeking in the market sector".

Hornaday would score an individual or firm on each of these dimensions to determine whether they are "more entrepreneurial" or "less entrepreneurial" than another individual or firm.

Courses in entrepreneurial topics may be similarily evaluated, so that a course stressing economic innovation may be considered neither more nor less "entrepreneurial" than one covering mainly new venture creation. This allows for great flexibility in course design. In fact, there is an infinite variety of courses which may be designed and still be considered courses in entrepreneurship.

However desirable it may be for any institution to design a course for the needs or tastes of each individual student, such an approach is impractical. It is proposed that three loci of concentration be identified for courses, around which the needs of students should cluster. Following the concepts presented by Carland, Hoy, Boulton & Carland (1984), these will be defined as courses in true "entrepreneurship", "small business management", and "new venture development".

The starting point is to define and describe the terms "entrepreneurial venture", "small business venture", and "new venture". Carland, et al (1984) differentiated between two of these terms as follows:

> "SMALL BUSINESS VENTURE is any business that is independently owned and operated, but not dominant in its field, and does not engage in any new marketing or innovative practice."

> "ENTREPRENEURIAL VENTURE is any business that engages in at least one of Schumpeters's four categories of behaviour: that is, the principal goals of an entrepreneurial venture are profitability and growth and the business is characterized by innovative strategic practices."

Hornaday's fuzzy set approach would score the "entrepreneurial venture" high on the economic innovation and profit-seeking dimensions, but there is no reason to assume it will score well in organization creation, except in its earliest stages. In contrast, the "small business" would score low on all three dimensions, thus putting into question many studies of entrepreneurship which examined specifically such small businesses.

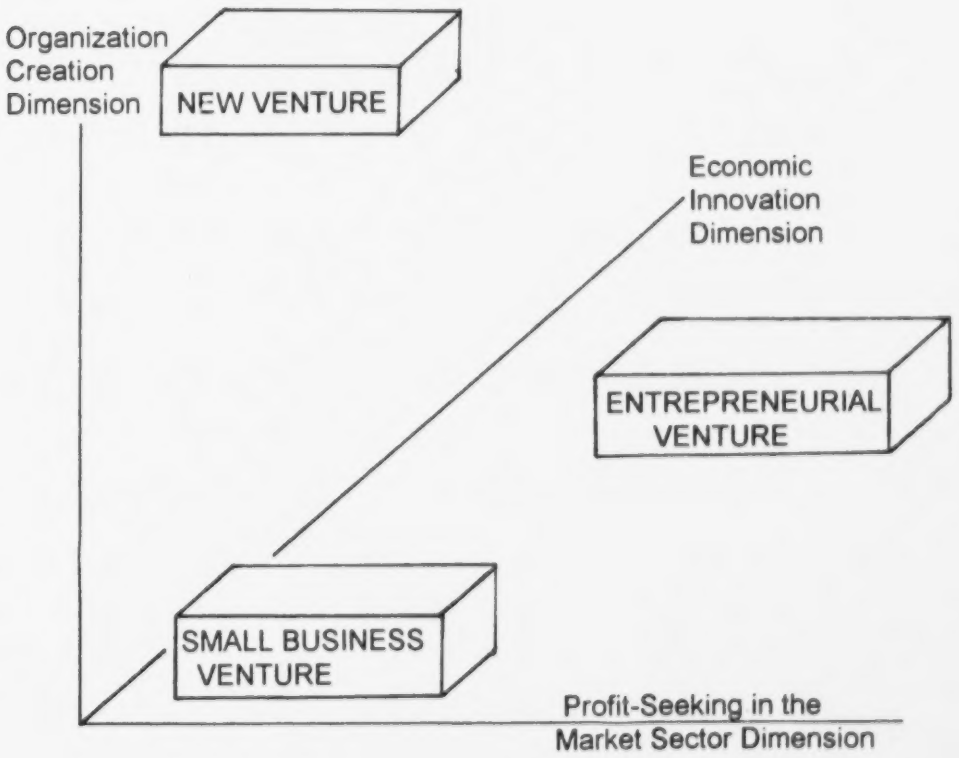
To the definitions of Carland, et al (1984) can be added a new definition of new venture:

> NEW VENTURE is a business which is new. It can mean a firm started anew by a novice owner. Or it may mean a new type of business for an established firm, provided a significantly different market area or product group from the business previously engaged in by the firm is started.

Hornaday's fuzzy set would score a "new venture" highly on the organization creation dimension, but with no indication of any significant score on the other two dimensions. As such, it is clearly differentiated from both the entrepreneurial venture and the small business venture.

The characteristics of the three types of enterprise using Hornaday's fuzzy set approach are shown in Figure 1.

Figure 1: PLOTTING THREE TYPES OF VENTURE USING HORNADAY'S FUZZY SET APPROACH



Both the "small business" and the "entrepreneurial venture" must, at some point in their lives, have also been a "new venture". So firms must move from the new venture position to either the small business position or the entrepreneurial venture position by a process which could include training. Using Hornaday's fuzzy set approach, therefore, the process would involve the following development:

	New Venture		Small Business
1. Economic innovation	Uncertain	----->	Low
2. Organizational creation	High	----->	Low
3. Market sector profit seeking	Uncertain	----->	Low

	New Venture		Entrepreneurial Venture
1. Economic innovation	Uncertain	----->	High
2. Organization creation	High	----->	Uncertain
3. Market sector profit seeking	Uncertain	----->	High

The transition from new venture to one of the other two forms clearly is different depending upon whether the established firm becomes a small business or an entrepreneurial venture. Among the variety of reasons which are postulated for these differing paths include different training, different experiences, different psychological orientation of the owner(s), different capabilities, different

opportunities and different market conditions. For the purposes of this paper, possible differences in training will be explored.

What type of training moves firms and individuals from new ventures into entrepreneurial ventures instead of small business ventures? The answer may lie in the chacteristics of each type of firm. A person aiming at running a small business will seek training quite different from that sought by a person seeking to run an entrepreneurial venture.

Examine the three types of firm identified. What should differentiate them in terms of their management? Their financing, marketing, strategy, managerial culture, organizational structure and philosophy will be compared below.

Finance: The small business commonly is financed by the owner's personal equity and the debt and equity contributions of friends and relatives. This would be supplemented by bank borrowing based on a combination of corporate financial status and the personal guarantee of the owner.

The entrepreneurial venture, on the other hand, likely would receive equity funding from many investors, including the founder or founders. Because the goal of the entrepreneurial venture is to use innovative strategic practices to grow and become profitable, equity and debt capital is normally sought from all

sources, including venture capitalists.

The new venture may develop and use either of these methods, depending upon whether it is an entrepreneurial new venture or a small business new venture. A new venture which is a division of a larger organization may use a combination of equity and debt capital provided by a wealthier parent company.

Marketing and Strategy: The new venture can be characterized by having a new, unstable, uncertain, and untested market. The small business which is no longer a new venture likely will occupy a known, simply defined market segment in which growth is modest or non-existent. The environment may still be unstable, however, because the small business does not dominate its field, and so can be supplanted at any time by competitors. On the other hand, the environment may be stable if competitors find it undesirable to occupy the strategic position held by the small business. It is easy to securely occupy a strategic position no one else wants. But a business occupying such an unattractive niche would be unprofitable.

The entrepreneurial venture - whether new or established - will seek unstable, rapidly growing market segments which will permit the business to grow rapidly and may, through market reconfiguration, allow the business to outpace its competitors.

Managerial Culture: Personnel policies and management will reflect to a great extent the personality of the senior management. Carland, et al (1984) define these senior managers as follows:

> "SMALL BUSINESS OWNER is an individual who establishes and manages a business for the principal purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one's time and resources. The owner perceives the business as an extension of his or her personality, intricately bound with family needs and desires."

> "ENTREPRENEUR is an individual who establishes and manages a business for the principal purposes of profit and growth. The entrepreneur is characterized principally by innovative behaviour and will employ strategic management practices in the business."

Bruce (1976) noted that the small business owner (whom he labelled "ubiquitous entrepreneur") values most highly the ability to avoid being controlled, and is "concerned with avoiding situations which threaten his autonomy. His business as a projection of himself is at the same time a means of restructuring an identity and a means of avoiding authority. When he settles into a business (he) keeps it small - - - because he equates smallness with

control and control with autonomy." Such a business owner is unlikely to engage in strategic management practices, to seek partners, to invite in outside investors, or to allow the business to grow.

The small business owner would be likely to adopt either autocratic or paternalistic (gently autocratic?) management styles. Certainly direct control will be the functioning mode.

The entrepreneur, whose goal is rapid growth, must adopt a style which frees him or her to engage in growth-inducing activities. So a delegative or participative style would suit the entrepreneur. Such a management style tends to attract and retain employees who are highly skilled and show initiative (Hersey & Blanchard, 1982). In turn, that allows entrepreneurial development of the business and further job creation.

Organizational Structure and Philosophy: Contingency theory indicates that successful businesses will be those which have organizational structures, products, and strategies which fit their environment. Effective senior managers will either develop such characteristics specifically to fit the firm's environment or select an environment in which to compete which matches the organization's characteristics (Daft, 1989; Mintzberg, 1983). A successful venture will not only choose a structure which matches its environmental niche, but will select an

organizational culture, mission statement, employee skill level, product mix, industry, generic strategy, competitive strategy, and operating system which are coherent (Waterman, Peters, and Phillips, 1980; Porter, 1980). If any of these components is incompatible with the whole, inefficiencies and ineffectiveness will result, and the organization will fail.[3]

The choice of an organizational structure may be used as a proxy for a coherent mix of all these components. Thus, "adhocracy" (Mintzberg, 1983) can mean not only a free-flowing structure which responds to complex, unpredictable external influences, but also a generic strategy aiming at such an unstable, complex environment (Daft, 1989), a competitive strategy of differentiation or focused differentiation (Porter, 1980, 1985), a participative leadership style, a collegial organizational culture, and a philosophy based on empowerment of workers.

Similarly, "simple structure" can describe not only the structure of an organization in which all members report directly to the strategic apex (Mintzberg, 1983), but also an autocratic leadership style, a generic strategy aimed at a simple but unstable environment (Daft, 1989), a lack of competitive strategy or a reactive competitive strategy, a paternalistic (or maternalistic)

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[3]"Fail" in this context can mean an inability to meet its objectives or potential as well as an inability to survive.

organizational culture, and a philosophy based on rigid central control.

And "machine bureaucracy" can describe an organization with a formal hierarchical structure, formalized and standardized rules and procedures (Mintzberg, 1983), a "top-down" authoritarian management style, a defensive competitive strategy, and a control-oriented management philosophy.

The most suitable structure is one which matches both the external business environment and the internal resources. If there is a mis-match, the strategic managers of the firm will select one of the following strategies:

(1) change the structure of the firm to match external and internal features simultaneously, if possible,

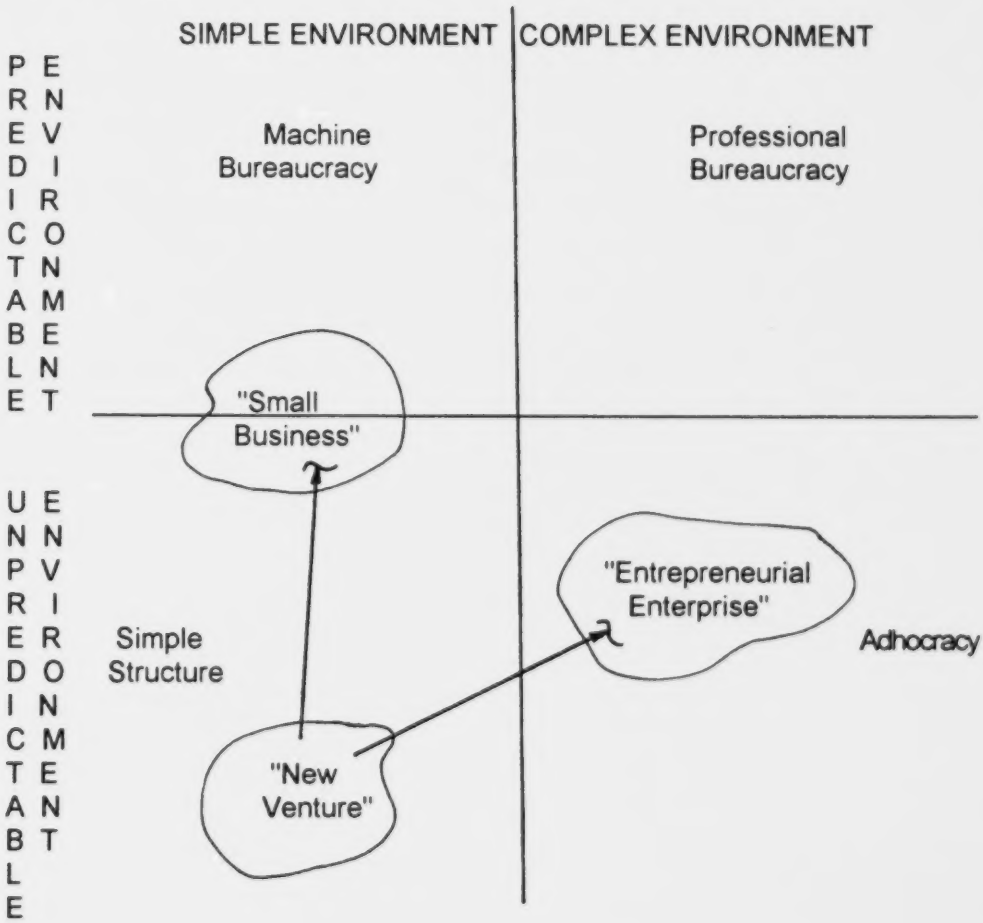
(2) match the structure to the external environment and change the internal resources to match that structure (for example by firing and hiring, or by retraining),

(3) match the structure to the internal resources and reposition the firm such that the new environment is compatible with the structure chosen, or

(4) do nothing and watch the firm wither and fail.

As a starting point, the structure-environment match is commonly shown on an "environmental grid" (adapted from Mintzberg, 1983 and Daft, 1989), as shown in Figure 2. Also shown are suggested approximate positions of a new venture, an established small business, and an established entrepreneurial enterprise, noting that both small businesses and entrepreneurial enterprises each started as new ventures.

Figure 2: ENVIRONMENTAL POSITIONING OF FIRMS



A new venture is in an unpredictable or turbulent environment, which may require rapid changes and thus autocratic leadership. Because the range of the enterprise is not yet developed, its product mix is narrow and much of its environment is still simple. Its appropriate form is a simple structure (Mintzberg, 1983), at least until it grows enough to enter a more complex environment. The owner still can process effectively through a single brain the opportunities and problems presented by the narrow range of external factors affecting the firm.

The small business owner by definition has refused to allow the venture to grow very much (Bruce, 1976), and thus the firm may have remained in a simple, unstable environment. Such an owner will select an environment which matches the simple structure form in order to survive without changing, thus allowing the small business owner to stay in absolute control. The owner will believe that, in order to survive in what is perceived as a hostile and unpredictable environment, he must retain complete control, and he can only do that if the firm remains small.

If the small business is in an unprofitable market niche, some portion of its environment will have stabilized and become predictable, because competitors will leave it alone. In such a situation, the organization may grow slowly, and the owner likely will adopt the only other structure which allows a high level of

control: the machine bureaucracy (Mintzberg, 1983). A machine bureaucracy survives best in a simple, predictable environment, which thus precludes the type of aggressive economic innovation and strategic repositioning which characterises true entrepreneurship.

In contrast, as an entrepreneurial enterprise becomes established, it moves beyond the simple environment in which it operated as a new venture to a more complex situation with many external factors to consider, multiple locations, and numerous competitors in a variety of product lines. If the entrepreneur is fortunate, this more complex environment also is sufficiently unstable to produce strategic opportunities for entrepreneurial penetration. While this business was small and the environment still simple, a simple structure was suitable. But, as opportunities are seized and the product line expands, the environment will become more complex and a knowledgable entrepreneur likely will allow the organization to evolve into some form of adhocracy (Mintzberg, 1983) to handle the complexity and the stresses of rapid growth.

IMPLICATIONS FOR DESIGNING TRAINING PROGRAMS

These organizational differences indicate that there are substantive differences in the managerial style and training needs of entrepreneurs, small business owners, and new venture managers. It also indicates that such ventures themselves have differences in their characteristics which have important implications for study. These three types of ventures cannot be combined for statistical or anecdotal evaluation, because confusing and contradictory data will result. Small business owners, entrepreneurs, and new venture managers cannot be combined to determine their educational and training needs, or the resulting programs will have components which are useful to some but not to others, and whole areas of necessary training will be missed.

For example, training in sophisticated financing procedures, in raising money through preparation of business plans for venture capitalists, in corporate strategy formulation, or in intricate market penetration and growth strategies would be wasted on the small businessman. Just as clearly, the entrepreneur must learn to be competent in all these areas of business to handle the turbulent environment which will be chosen for his or her rapidly-growing company.

The manager of a new venture would seem to need the market identification abilities (and, in some circumstances, the financial ability) of the entrepreneur.

But personnel management, facilities planning, and asset control in a new venture would be similar to that required in the small business. The new venture manager would not need the complex managerial skills which would be required in an adhocracy, because the new venture's structure likely would resemble that of the small business. Because all businesses start as new ventures, both the entrepreneur and the small business owner need some new venture management skills. After a certain point, when they cease to be new ventures, the two types of business require quite different skills in their managers. Table 1 illustrates the differences, as determined by the author based on experience with each type of venture:

Table 1: Comparison of Skills Required for and Characteristics of Different Types of Firms

	New Venture	Entrepreneurial Enterprise	Small Business
Finance	Personal money Bank loans Trade credit	Venture capital Bank loans Bond issues New partners	Personal money Bank loans Trade credit Retained earnings
Marketing	Identification Entry strategy Innovation Opportunity	Identification Entry strategy Innovation Opportunity Growth	Stability Defensiveness Reliability Predictability
Culture	Experimental Cautious Risk-avoiding	Aggressive Enabling Risk-accepting	Controlled Autocratic Risk-avoiding
Environment	Simple, Unpredictable	Complex, Unpredictable	Simple,Predictable or Unpredictable
Organizational Structure	Simple structure	Adhocracy	Simple structure or Machine bureaucracy

This raises two questions:

(1) If true entrepreneurs are essential to economic development, is it important to teach small business owners to become entrepreneurs and, if so, what type of training is required to accomplish this feat?

(2) Considering that there is demand for training in all three types of firms, is it important for an educational institution to focus its training program to address the specific needs of one of those groups rather than using an unfocused all inclusive approach? If so, how can this be done?

The above discussion does not mention aboriginal people specifically. Subsidiary questions then need to be addressed subsequently:

To what extent are aboriginal people like other new venture managers, small business owners and entrepreneurs? Do training programs need to be modified for them? Do training programs need to address aboriginal people from an entirely different paradigm?

The first step in designing a training program, then, must be to decide whether it is to be for small business management, new venture development, true entrepreneurial training, or a series of courses which address the three groups

in succession.

One final note is appropriate. Carland et al (1984) presented a carefully-reasoned analysis and clearly showed there was good reason for differentiating between "entrepreneurs" and "small business owners". Except for frequent citation in scholarly papers, their work faded into oblivion under the relentless pressure of common usage of the word "entrepreneur". This present work may suffer the same fate in its attempt to similarly differentiate. Nevertheless, the careful distinction between "entrepreneur", "small business owner" and "new venture manager" will be continued, noting that new venture managers also may be employees of larger firms. The term "entrepreneurship", however, will be used to address the entire topic area involving these three types of individuals and their firms.

CHAPTER 3

A CONCEPTUAL MODEL OF ENTREPRENEURSHIP: THE "SUCCESS WHEEL"

Government policy makers, commercial lenders to small businesses and academic researchers occasionally find themselves searching for "the reason" entrepreneurs are successful or unsuccessful. Policy makers seem to want a magic formula which will encourage the establishment of successful new ventures and determine the nature of training or assistance required. Lenders wish to assess the chances their loan will be paid back. Academics wish to solve the puzzle of why some ventures are successful and others are not.

But many situations seem to be unique to the individual entrepreneur and his or her firm. The type of assistance which will encourage success varies with every situation, and the search for the "magic formula" is often frustrated. This chapter describes one framework which may help focus effective assistance towards individual business operators and their firms.

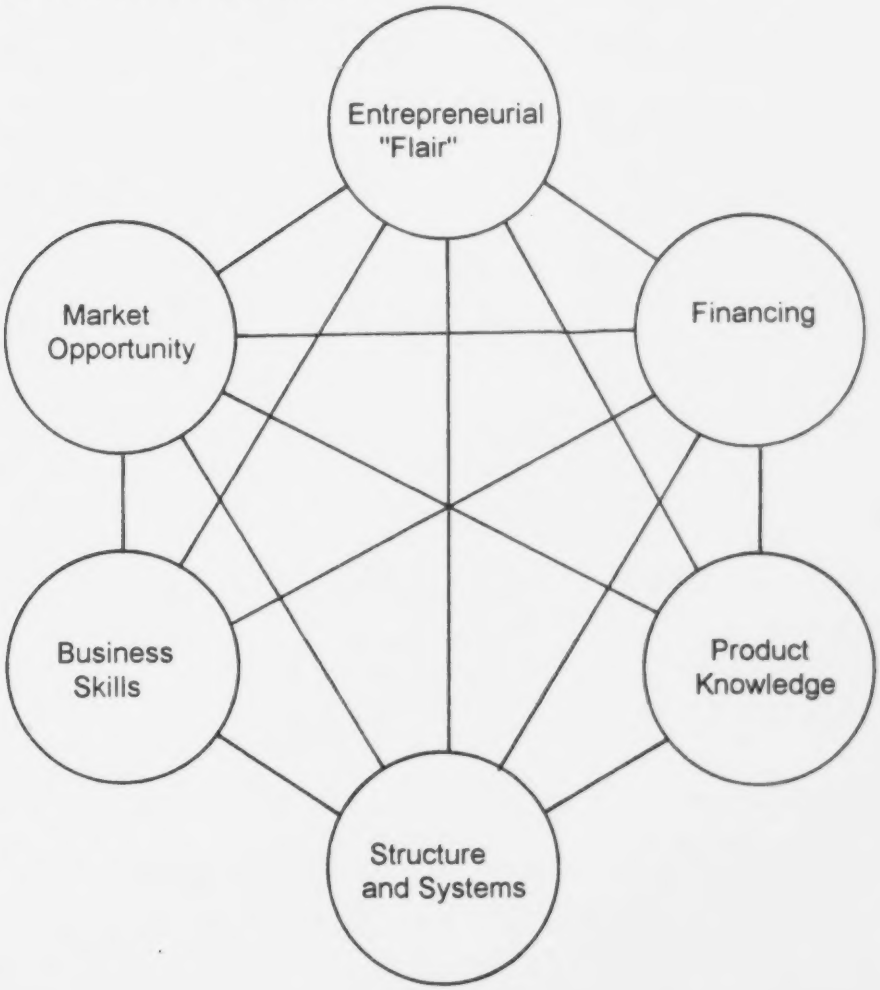
THE FRAMEWORK: THE "SUCCESS WHEEL"

Waterman, Peters & Phillips (1980) illustrated a useful model (the "McKinsey 7-S Framework") for dealing with interconnecting business

structures, systems, strategy and other factors. A similar entrepreneurship model may prove useful.

For businesses, Figure 3 models six factors which contribute to the success of the firm. The author has dubbed this the "Success Wheel", which allows a business to roll onwards smoothly:

Figure 3: THE SUCCESS WHEEL



The structure of the diagram illustrates that no one factor is more important than any other. Each factor is connected to the other factors. Support can flow down these connecting links from each factor to assist and modify other factors.

FINANCING

The financing factor includes owner's equity, advances from friends and relatives, bank loans, government support programs, trade credit, factoring, joint ventures, venture capital, bankruptcy restructuring, and all other forms of financing, both conventional and creative, which imaginative business owners use.

MARKET OPPORTUNITY

This factor combines both the actual opportunity which exists for the products or services the firm may produce and the firm's competitive position in its industry. It is closely linked to strategic positioning. Not only must an actual opening exist in the market, but competitors must not be effectively targeting - or planning to target - that opening.

ENTREPRENEURIAL FLAIR

Entrepreneurial flair might be a strategic orientation (Carland, et al, 1984) as well as an ability in strategic management. It also may include a set of personality characteristics, such as creativity, initiative, high need for

achievement (McClelland, 1965), moderate risk taking propensity (Bruce, 1976; Toulouse, 1979), leadership, autonomy and independence (Timmons, Smollen & Dingee, 1985), analytical ability, acceptance of hard work (Timmons, 1978), and good communication skills (d'Amboise & Muldowney, 1988). However it may be defined, entrepreneurial flair may be thought of as the intangible "something" in the personality of the owner or of the members of the management team which turns a mediocre small business into an aggressive entrepreneurial business. This factor must exist in the strategic apex of the firm (Mintzberg, 1983), and ideally it filters down to permeate the entire enterprise.

BUSINESS SKILLS

This is quite different from entrepreneurial flair. Business skills include abilities in those distinct functions usually taught in business schools and community college business training programs: accounting, marketing, finance, personnel management, production management, and organizational design.[4] Some of these business skills should exist at the strategic apex. But existence of them all at the strategic apex is not necessary, provided all of these skills exist somewhere within the firm, and provided that the possessors of these skills are given authority to exercise those skills effectively. Just as importantly, the people at the strategic apex of the firm must be inclined to listen to and act on

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[4]Significant by its absence in this list is strategic management. Strategic management is an integrative discipline rather than a separate function, and so has been included as part of both entrepreneurial flair and (to a lesser extent) market opportunity.

the advice provided by the possessors of such business skills.

PRODUCT KNOWLEDGE

Intimate knowledge of the products or services produced by the firm is an essential ingredient for success. Normally, this is one area which most business owners have covered well (Timmons et al, 1985). But that is not necessarily so. Such product knowledge may exist within the firm itself, or it may be available to the firm through franchisors, manufacturer's representatives, other members of the distribution channel, or professional advisors such as consultants. Wherever the expertise comes from, it must be available to the firm, and be likely to remain available in some form or another.

STRUCTURE AND SYSTEMS

As is now well-understood and accepted, the organizational structure of the firm and the internal systems put in place are key ingredients to successful implementation of the firm's plans. The structure and the systems must be internally coherent and appropriate for the external environment in which the firm plans to compete (Waterman, Peters & Phillips, 1982; Mintzberg, 1983; Daft, 1989).

Certain readers may object to the factors selected and their labelling. Any

number of relevant factors, subdivided as deemed appropriate, might be chosen instead. Regardless of the nature and number of factors selected, the concept of the success wheel would remain the same.

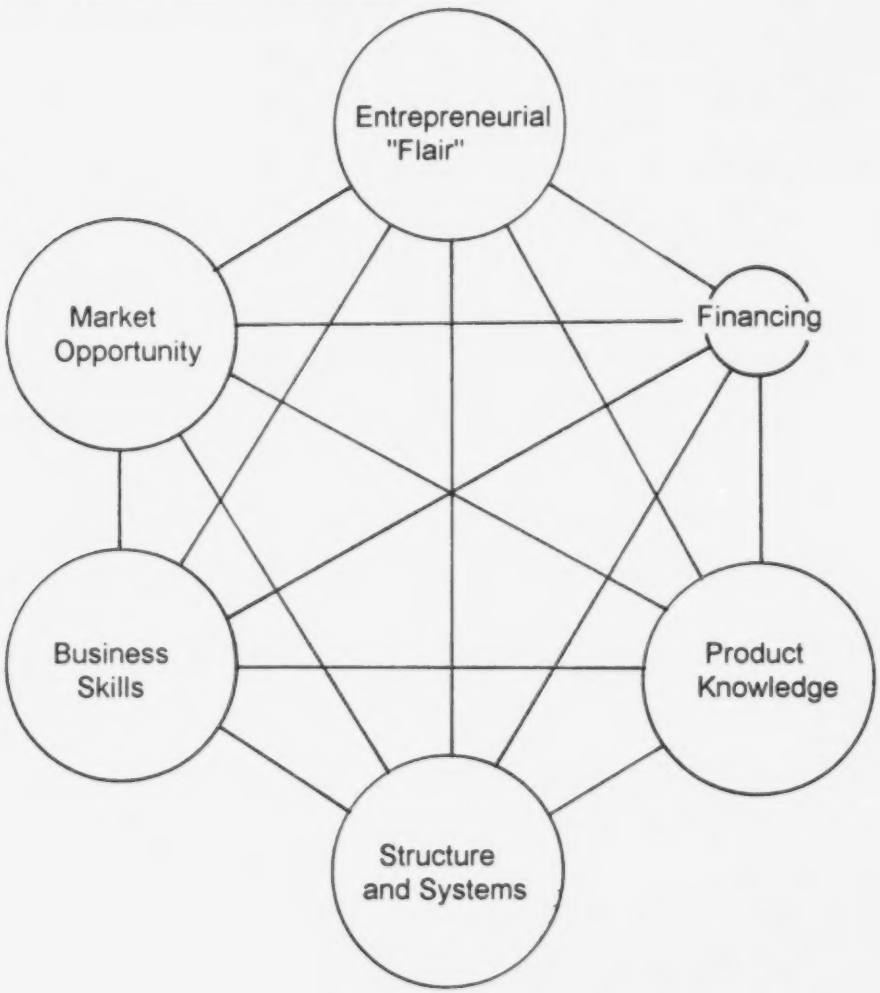
UNBALANCED SUCCESS WHEELS: THE "FLAT TIRE" SYNDROME

An extension using simplified biological theory may increase the usefulness of the success wheel model. Each living organism requires a multitude of inputs in order to survive and grow, but, at any time, one input will constrain growth. A surplus of other inputs cannot make up for a deficiency in the constraining or limiting input. For example, grass requires both water and fertilizer to grow. If the grass is prevented from growing by a lack of water, excessive fertilization will not encourage growth significantly. But a tiny amount of water will allow great growth, even with no increase in fertilization. In this case, water is the limiting factor in growth and viability.

For a business enterprise to succeed, each of the six factors identified above must be in balance with all of the other factors to ensure optimal success. For example, a person or firm with an entrepreneurial flair, business skills, appropriate structure and systems, and excellent knowledge of an appropriate product to meet a market opportunity which opens up still will not succeed

unless the financing becomes available. The model for this situation might be as shown in Figure 4, assuming the size of the circle equates to the firm's capability in that factor:

Figure 4: "FLAT TIRE" SYNDROME



An unbalanced wheel such as this will not roll. And no matter how much any of the five larger circles may be expanded by adding resources of those types, the wheel will not roll until the right resources are added to the smallest circle - in this case "financing". Otherwise, the firm has a "flat tire".

It may be argued that expanding the larger circles will have some effect: improved business skills may compensate somewhat for a lack of financing, for example. This may be thought of as "energy flows" along the linkages. Diagrammatically, expanding the business skills circle will cause some energy to flow towards the financing circle, helping to fill out the flat spot in the wheel. But large extra resources added to the wrong circle will not produce as significant an increase in overall capability as will a small amount of resources added directly to the limiting factor. There are "losses of energy" involved in flowing between circles.

A similar argument could be made for any other factor which is limiting. If, for example, entrepreneurial flair is the limiting factor, very large investments of money and business skills training would have only minor impact on the success of the enterprise, as the owner would lack the courage, self confidence or drive to use the resources effectively. But an increase in the owner's "need for achievement" (McClelland, 1961) through self-esteem raising would be expected to produce a substantial increase in the success of the enterprise.

As another example, even if the firm has the necessary structure/systems, the financing, the entrepreneurial flair and the business skills, the opening up of a major new market opportunity will not result in a successful business venture unless the firm acquires appropriate product knowledge (through internal training, acquisition, buying a franchise, or careful hiring of knowledgable staff).

How might the flat tire syndrome be used in practice? Franchisors may be able to use this model by assessing potential franchisees and selecting those whose "product knowledge" is the limiting factor. Bank lenders may select firms in which financing is the limiting factor and reject those in which another factor is limiting. Educators may focus on firms where business skills limit the development but where those skills can be upgraded through training. Each of these reviewers would reject applicants having limiting factors in areas where they cannot be assisted by the reviewer's organization.

MULTIPLE LIMITING FACTORS: SEQUENTIAL "FLAT TIRES"

So far, it has been assumed that five circles were of one size and the limiting factor had the only small circle. What if they all are of different sizes, indicating varying factor capabilities? The smallest circle would represent the limiting factor. Increasing resources in that area would provide the fastest increase in

capability for the entire organization. But, once that circle grew beyond the size of the second smallest, the second circle would become the limiting factor. Resources would have to be added to both the first and second factors simultaneously until a third factor became limiting. Thus, sequential upgrading of five of the six factors would be required until all circles were of equal size. Then the success wheel would be in balance, and could roll.[5]

Although intuitively logical, this is contrary to the manner in which most small businesses often are helped or seek help. Assume a firm has business skills as the limiting factor. The addition of small amounts of the limiting resource (such as training to improve the owner's business skills) would result in significant improvement in the firm's success. That is commonly taken as an indication that the magic formula has at last been found. There is now a "track record" of success. The proposed solution to difficulties would be to further increase that resource, in this case through even more training in business skills. The likely result may be less than satisfactory, however, because that resource may no longer be the limiting factor.

A reassessment using an updated success wheel would be appropriate from time to time to identify such newly limiting factors.

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[5].As an alternative, the largest factors could be shrunk. For example, if financing is not the limiting factor, money could be diverted to other uses temporarily. If entrepreneurial flair is excessive, the owner could get involved in a second business as a consultant.

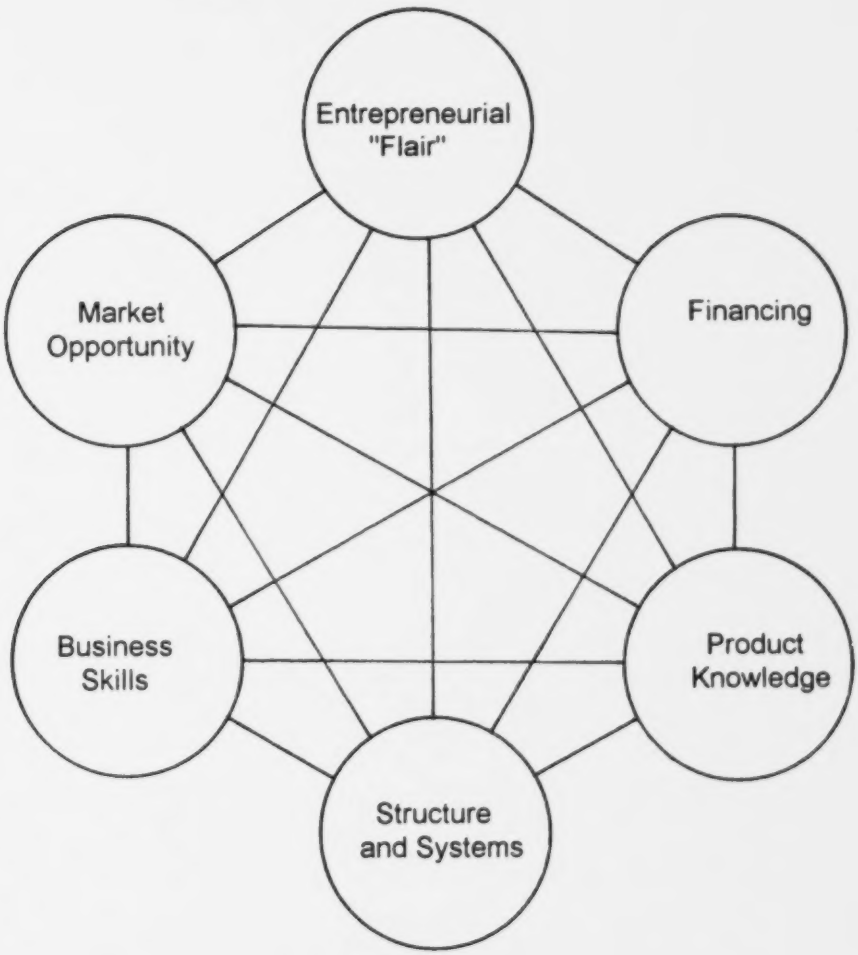
BIG CIRCLES AND LITTLE CIRCLES

The relative size of the circles has been addressed. What about absolute size? The absolute size of the capabilities in each area would define the size of enterprise possible. In a success wheel diagram such as that in Figure 5, an organization with six balanced larger circles would be capable of operating on a larger scale than an organization with six balanced smaller circles. Both would be successful if their wheels were balanced, however.

Figure 5: BALANCED SUCCESS WHEELS

Figure 5(a): SUCCESSFUL SMALL FIRM

Figure 5(b): SUCCESSFUL LARGE FIRM



FACTOR OVEREXPANSION: A "BLOW-OUT"

In the event that five of the six factors are small, the model may be thought of as having a single overexpanded factor rather than five limiting factors. The most commonly seen example of this is the successful small business which

possesses financing, business skills, structure/systems, market opportunity and product knowledge in balance with each other and at a level suitable for a small business. But the owner/manager has such a strong entrepreneurial spirit that he drives the company into overexpansion - beyond the capacity of the other five factors - and subsequent failure. In this case, one circle grew so large that the pressure caused the tire to "blow out", and the wheel could no longer roll. Campeau Corporation and the Trump Organization may present examples of such an effect. It is conceivable that more than one factor could be overexpanded, thus causing a multiple blow-out.

For the success wheel to roll smoothly, all factors must be of equal size, and the size of the factors must match the desired activity level of the enterprise.

IMPLICATIONS FOR SUPPORT BY GOVERNMENT AND COMMERCIAL LENDERS

If encouragement of entrepreneurship through government programs is to be effective, a single type of support would be expected to be suitable for only a small number of situations. For example, financial assistance programs would truly assist only those firms in which the financing factor in the model was the limiting criterion and all other factors were large and equal.

In an enterprise in which financing was the first limiting factor but business skill was a secondary limiting factor, for example, the addition of easy financing would simply encourage the firm to expand beyond the ability of the management team to manage the enterprise. Failure would result unless resources (such as management training) were added to that second limiting factor once financing no longer limited the enterprise. Nevertheless, such a situation would show initial success under a government financial support program (or with liberal bank lending) because expanding the financing circle would have allowed the firm to be more capable initially. Some growth or a new business creation should result, and it would appear that additional funding would be justified.

Success breeds success. If the addition of a little financing caused the firm to grow and prosper, the argument goes, the owner has shown a successful "track record". The firm is now entitled to additional financing (either from government programs or from commercial lenders: the argument is similar for each).

But as the financing circle expands past the size of the business skills circle, the wheel would still be out of balance, although its shape would change. Business skills would now be the limiting factor. Continued addition of extra financing would simply increase the imbalance, whereas originally the addition of financing had corrected the initial imbalance. If such a firm fails, its failure

would be attributed to "poor management" or "poor cash management", as many studies of aggregate failures have concluded (such as Chaganti & Chaganti, 1983; Welsh & White, 1981; Dun & Bradstreet, 1984). The real cause of failure, though, would be the inappropriate and excessive supply of financing which expanded that factor beyond the firm's capability in another factor.

An important point: in this example, the financing provided need not have been excessive for the project about to be undertaken. For failure to occur, it is only necessary that financing be expanded beyond at least one other factor which then becomes the limiting factor. Financing may still be less than that required to complete the project envisioned, but another factor also needs to be addressed to ensure success of the project. Indeed, provision of excess financing could cause a "blow out" of the wheel, as previously described, even though the financing was not excessive for the project when the financing was viewed in isolation. In such a scenario, failure might even be attributed to "insufficient financing", when in fact the financing was excessive for at least one other factor in the success wheel.

In the meantime, government encouragement of such a doomed firm would cause balanced firms in the industry to experience unnecessary competition in their marketplace. In his study of new Welsh enterprises, Westhead (1990)

warned that "public policy that is solely concerned with the number of new firms and the rate of new firm foundation does not take into account the heterogeneity of the population. The "quality" of new firm founders and their firms - - - [is] fundamental to self-reliant regional development in problem areas. Indeed, it has been suggested that it should be the objective of public policy to reduce and discourage those in the population who are clearly "unsuitable" for entrepreneurship." Similarly, Ginn and Sexton (1990) in the United States suggested that "government policies that link all small business assistance efforts under one umbrella may need to be reviewed."

DEVELOPING A SUCCESS WHEEL UNIQUE TO A FIRM

For a particular firm seeking to balance its success wheel, the procedure proposed is to identify the most developed factor (the largest circle) and assign it a rating of "six". Each of the other factors then would be rated on a scale of one to six for a particular firm based on their relative state of development when compared to the one rated six. When the less developed factors achieve parity with the most developed factor, ratings of six would be available to them as well. If multiple equal rankings are allowed, there are several thousand separate profiles possible to describe the type and sequencing of assistance to provide to various firms. Only one of these combinations (six ratings of six)

would produce balanced success wheels.[6] Consideration of absolute circle size (six big circles vs. six small circles, for example), would add a further refinement.

An analysis of a firm which considers these six factors and each factor's rating, therefore, would lead to several thousand different programs for improvement of the success prospects of a firm - and each such program would be uniquely tailored to the needs of that individual firm, even though investigation of just six areas of assistance would be involved. That indeed allows consideration of the heterogeneity addressed by Westhead (1990), while at the same time standardizing the analysis and greatly reducing the variety of assistance programs necessary.[7]

Consideration of the need for balance using this model may help explain why many firms and entrepreneurs fail through "too much of a good thing", while others fail in spite of the assistance provided. If nothing else, the model may provide a check list or an instructional tool for understanding the complexity of entrepreneurship, and for determining the nature of assistance appropriate.

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[6]This assumes expansion through application of new resources to successive limiting factors is the goal. As an alternative, larger circles could be shrunk by diverting resources to other projects or firms until the success wheel for the firm in question is balanced at a smaller value - say six rating of three.

[7]Those readers who had earlier determined that there should have been seven factors instead of just six, would find many times the separate combinations, of which as few as seven were balanced. Such further differentiation of factors quickly renders the analysis unusable.

CHAPTER 4

GOVERNMENT AND ACADEMIC ENTREPRENEURSHIP SUPPORT PROGRAMS CAN BE BASED ON MODES OF ENTRY INTO ENTREPRENEURSHIP

What causes certain people to become entrepreneurs or small business owners?[8] There is a vast body of literature on this topic. Much of it is conflicting; much is mutually supporting. Government support programs and academic courses designed to encourage or train people to become entrepreneurs imply acceptance of one or more of the theories from that literature. But the one thing the literature makes clear is that not every entrepreneur or small business owner responds to the same stimulus. So, if such assistance is to be effective, it must be very clear which business owners or managers are being addressed, and which theory of entrepreneurship has been adopted to address them. As with most things in business, focusing is important.

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[8]As previously mentioned, for the purposes of this paper, the term "entrepreneurship" shall include the area of research and activity covering entrepreneurs, small business owners, new venture managers and their enterprises.

MODES OF ENTRY INTO ENTREPRENEURSHIP

One method of differentiating groups of actual and potential business owners and managers may be their reasons for entry into the field. This is a topic rich with investigation and theories. The author has grouped such theories into four entry modes, based either on economic or psychological factors:

(1) Economics based modes:
   (a) Economic opportunity mode
   (b) Economic difficulty mode
(2) Psychologically based modes:
   (a) Entrepreneurial traits mode
   (b) Social marginality mode

Modes 1(a) and 2(a) are positive or "pull" modes, which connect with Carland et al's (1984) defintion of a true "entrepreneur". Modes 1(b) and 2(b) are negative, or "push" modes, which correlate better with Carland et al's (1984) definition of a "small business owner".

Each of these modes implies that a certain factor or combination of factors described in the success wheel is the limiting one, and that certain other factors may be overexpanded.

Business owners are not likely to be classified under only one mode of entry, but rather are likely to be affected by a variety of forces representing more than one mode. But one mode would be expected to dominate, and is the mode of entry for which training programs for that person should be developed initially. Programs designed with one entry mode in mind would be expected to be ineffective with potential business owners and managers whose personal dominant mode of entry is different. Training programs based on other modes could be instituted as later stages.

The balance of this chapter will examine - in the order presented above - the characteristics and training needs of people who entered entrepreneurship in each of these four modes.

(1) Economics-Based Modes:

These two modes relate entry into entrepreneurship to prevailing economic conditions. The underlying assumption seems to be that everyone has some entrepreneurial flair, and it takes only the right economic situation to release that spirit.

(a) Economic Opportunity Mode:

This mode states that "people get into business to make money". The actual stimulus may include a perceived opportunity to make money, identification of exciting market opportunities to exploit, or the development of an invention or new process to bring to market.

This is a mode often referenced by economists, including Schumpeter (1934). There is support for this in several studies and interviews with new business owners, in which their stated answers to the question "why did you start your business" tends to be "to make money". Thompson (1987) is fairly typical of these studies. In a study for the Canadian Federation of Independent Business, she surveyed small business owners in Canada, and found that "four out of every ten set up their business as the result of pinpointing an attractive market niche". She went on to state that "negative factors, such as problems in career development and personal crises, which are frequently cited as the trigger forcing a person to go into business on their own account, ranked behind the single, positive factor of market identification."

As with many such studies, Thompson (1987) conducted her survey by mail and telephone interview, limiting the opportunity for in-depth appraisal of motives by the interviewer. It seems likely that, under such circumstances, more new business owners would offer this positive mode for their entry into the

field than would offer one of the negative modes. Such answers seem socially acceptable, and are therefore the ones an interviewer would expect as an initial or superficial response. Nevertheless, it is logical that there will be a number of new entrants who will respond to such economic opportunities, and programs can be designed to assist them.

Blais, Blatt, Kyle and Szonyi (1989) surveyed 173 Canadian business owners, and found that "76.4 per cent of the entrepreneurial respondants gave the highest importance to the item 'To achieve a personal sense of accomplishment', followed by 75.9 per cent 'To be my own boss'." These authors claimed that such findings correlate well with McClelland's (1962) "need for achievement".

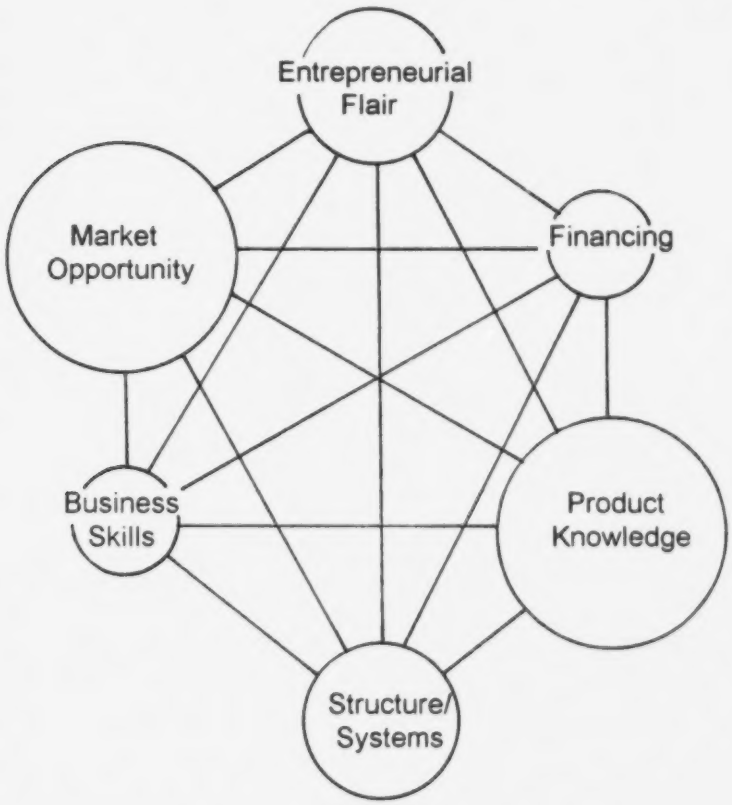
But of the 38 responses suggested in the Blais et al (1989) questionnaire, only seven could be considered to indicate "negative" entry modes: "Have an opportunity to lead, rather than be led by others" (60% of respondents), "Control my own time" (51%), "Frustrated in previous job" (26%), "Not to work for an unreasonable boss" (16%), "Needed more money to survive" (14%), "Escape unsafe working conditions" (5%), and "It was the only thing I could do" (5%). The response rate of 19.8%, while quite good, leaves considerable room for negatively-oriented entrants to be lost if they fail to respond. Indeed, their results indicate that several of the respondents have a complex combination of

entry modes, even if one of those modes dominates.

Ray & Turpin (1990) found a somewhat similar dominant response in Japan, where "the single most important of 49 variables to Japanese entrepreneurs was the desire to 'create an opportunity for myself'." But this factor was followed (in descending order of importance) by "create an organization that reflects my values" and by "reached a critical point in my life", suggesting that identification of a single economic factor as dominant may not tell the entire story.

For the purposes of this paper, it need only be acknowledged that a significant portion of people become business owners primarily as a result of a perceived economic opportunity which they wish to exploit. The success wheel for such an individual might appear as shown in Figure 6.

Figure 6
ECONOMIC OPPORTUNITY ENTRY MODE



Market opportunity clearly is a dominant feature, and entrepreneurial flair may be assumed as adequate. Product knowledge usually is quite high, and permits the market opportunity to be recognized by the entrepreneur. The other three factors are unknown, although Thompson (1987) and others provide some indication that financing may be a limiting constraint in more than a few cases, while business skills may be a limiting constraint in others.

What sort of government policies would be appropriate to encourage entry into entrepreneurship if this is the owner's personal mode of entry? First, it must be socially acceptable to become an entrepreneur. For example, in Japan Ray and Turpin (1990) "found that the majority of our sample perceived positive support for entrepreneurship in their immediate environment" in spite of the Westerners' "image that the strict Japanese cultural environment has been restraining entrepreneurship". The social acceptance of entrepreneurs and small business owners, as perceived by those owners themselves, has allowed these Japanese to start on their own, with an expanded entrepreneurial flair factor.

Second, to allow the financing factor to expand, formation of private and public venture capital needs to be encouraged (for example by providing tax incentives).

Third, if the founders have few business skills, then traditional training in business skills such as finance, accounting, marketing and personnel management would be in order. Whether or not they have business experience, training in preparing business plans and methods of raising capital would be necessary, as very few business employees get experience in such areas.

Business support programs offered by governments and university "new venture" courses tend to follow this approach and so have adopted this mode by implication.

(b) Economic Difficulty Mode:

In this category would be included those people who started their own businesses because they lost their job and cannot find another, those who are underemployed or earning very low wages, those who need a part-time business to supplement a low wage or a retirement income, and those who need a second income in the family.

When Blatt (1985) surveyed Toronto-area people who were forming corporations, and asked why they went into business, "three answers predominated and remained the three most frequently given for all the sub-groups, although the ranking differed. The three were: (1) money, (2) 'I wanted to be my own boss', and (3) previous experience".

But, Blatt (1985) also found that "responses such as economic necessity - - - were also frequent". She found that "24.8 per cent of respondents said they were unemployed at a time when average unemployment in the general population was about 12 per cent". Blatt (1985) further implies that about one-third of the respondents were either unemployed or underemployed. She

concluded that people starting businesses out of economic necessity "undoubtedly does occur."

Similarly, Shapero (1975) stated that most entrepreneurs were "displaced" from their old positions. Shapero & Sokal (1982), Knight (1983), Vesper (1983), Cross (1981), Storey & Jones (1987), and Hamilton (1989), among others indicate that loss of employment or frustration with poor career prospects provide "push" or "displacement" from employment into self-employment. Shapero & Sokal (1982) concluded that "negative displacements are found to precipitate far more company formations than do positive possibilities". Fothergill & Gudgin (1982), Storey (1982), Atkin et al (1983), and Binks & Cone (1983) found that the threat or prospect of worsening wage levels also encouraged new business formation.[9]

Bherer, Gagnon & Roberge (1990) studied entrepreneurship among Canadian aboriginal groups, and found five "main types of determining events" which drove aboriginal Canadians into entrepreneurship. "Misfortunes are a very frequent cause: loss of job, closing or sale of a factory, dissent in the work environment, illness, etc." (The other four "main types of determining events" were defined as career development, retirement, love of a trade and personal

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[9]Also see Westhead (1990) for a discussion of how such an increase in new business formation during recessions has an adverse impact on existing businesses due to increased competition from new entrants who are inexperienced and therefore unpredictable.

commitment.) It might be concluded, therefore, that this entry mode is common among aboriginal entrants to business.

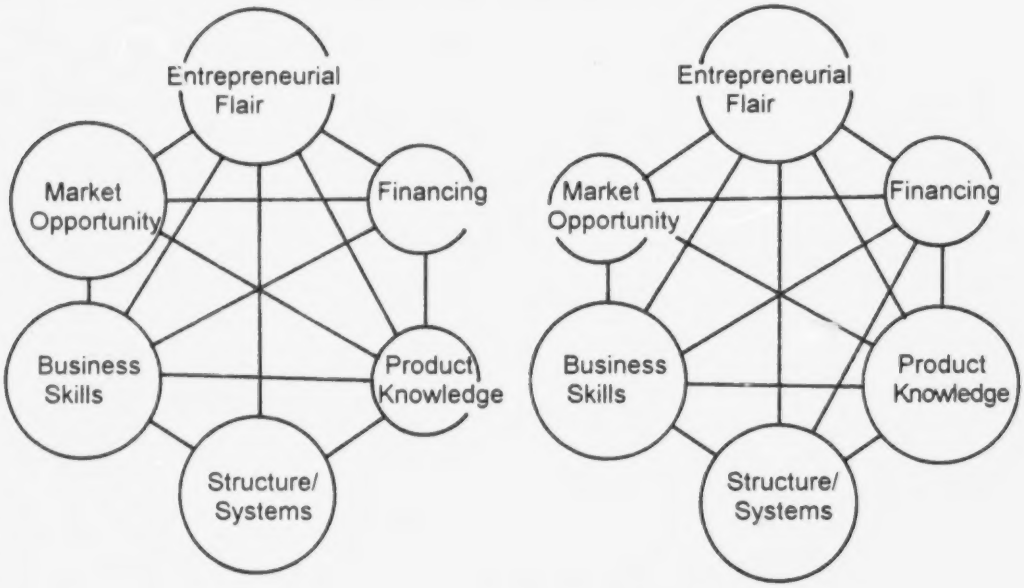
There are two ways in which the success wheel might be perceived for people in the economic difficulty mode of entry. Both assume that entrepreneurial flair is adequate but that financing for these unemployed entrants is quite small. There is no reason to assume that the business skills circle is of any specific size, although the fact that the person seems unemployable implies that his or her business skills factor is not large. Without an existing organization, these novice business owners presumably will have small structure/system circles.

Recall that only an inability to get a job makes these people enter self-employment. If there is a reasonable market opportunity, one must assume the individual's product knowledge is not large or she would be employed by someone else. Alternatively, in areas of high and irregular unemployment (such as on Indian Reserves) where market opportunity is small, the person's product knowledge could be of any size and he still would be without a job.. Indeed, Bherer et al (1990) found product knowledge skills were quite high among aboriginal business owners, but market opportunity was low. It is concluded that, for entrants in this mode, either product knowledge or market opportunity is low, or both are low. If both were high, people entering in this mode would indeed have a job. So, the success wheel must assume that at

least one of these is small, while the other is of indeterminate size.

These two alternatives are illustrated in Figure 7. Note that all of the circles are of small absolute size, although some are smaller than others.

Figure 7: ECONOMIC DIFFICULTY ENTRY MODE



What government policies, education, and training would be appropriate to encourage people who enter in this mode? First, financing must be readily available for people who have no income source, who may not qualify for commercial loans, and who may present "special circumstances".

Second, provision of business skills training may be important. Particular

attention may have to be paid to upgrading their marketing skills, since the economic climate which caused them to be unemployed may not provide extensive market opportunity.

Third, because the new firm may wait a long time for the new business to generate enough money to pay the owner and because the owner did not necessarily plan to enter his own business, ongoing government financial support may be necessary, such as continuing monthly income payments equivalent to unemployment insurance payments. The difference between being unemployed and being self-employed is sometimes perilously thin.

Fourth, because some of these entrants may not have marketable skills, it is likely they also will require technical skills training to upgrade their product knowledge, or to at least bring both product knowledge and market opportunities into alignment.

Finally, some training in entrepreneurship skills may be necessary, since these people are not starting a business as their first choice, in contrast to people entering in the economic opportunities mode. Indeed, given the small absolute size of their success wheels, it is likely that small business owners instead of

true entrepreneurs will predominate among those who enter in this mode.[10]

2. Psychologically-Based Modes:

In contrast to the previous two economics-based modes, the following two psychologically-based modes assume that only certain people will become self-employed, and that they will do so regardless of the economic conditions. For these modes, the concentration is on the psychological make-up of the entrant. Pleitner (1985) believes that they delude themselves into thinking that the opportunity is greater than it really is. He sums up that concept for Swiss entrepreneurs by saying that "the objective conditions of entry into an entrepreneurial career can be described as low (which need not correspond to the subjective judgement of the candidate), because the dual selection mechanism - - - is essentially reduced to the self-selection of potential entrepreneurs [and] - - - their motivation plays a central role in the formation of new companies." Pleitner (1985) contends that economic circumstances are irrelevant. In his view, personal motivation is everything.

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10 These requirements are well addressed by a number of training organizations - such as the Lethbridge Community College Entrepreneurial Centre - which, under the Canadian Jobs Strategy, are designed to train recipients of Unemployment Insurance payments to start their own small businesses.

(a) Entrepreneurial Traits Mode:

This mode has probably the richest store of published literature of any. A great deal of it is based on work by McClelland (1961) who found "need for achievement" a key factor in determining whether a person will go into his or her own business. In contrast, Vesper (1980) implies that there are no standard personality traits which encouraged people to become business owners. Blais et al (1989) concluded that "Canadian entrepreneurs[11] are little driven by family tradition or the desire to improve the welfare of their ethnic groups or local communities - - - They are self-actualizers and achievers inspired by their visions and new ideas, driven by their audacity, self-confidence, professionalism, special skills and to a certain degree by gamesmanship itself".

Bherer, Gagnon & Roberge (1990), however, identify the existence of "community entrepreneurship" on Indian Reserves, where a sense of community involvement is strong - a phenomenon seemingly rare in non-native Canadians. Such community entrepreneurship in this case revolves around a reluctance to allow one member of the community (such as a business owner) to succeed financially more than other members. Thus community-owned (ie:

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[11] When quoting others, the careful distinction between "entrepreneur", "small business owner" and "new venture manager" cannot, of course be maintained. So the word "entrepreneur" in the literature of others generally means a wide variety of business owners, business managers and investors.

"band-owned") businesses are more accepted than privately owned businesses unless the private business is seen to be using all its profits to create jobs for others or, alternatively, seems to be making no profit at all. A business owner must show support for the community or he will have no customers. Indeed, the author has found that residents of Indian Reserves wil patronize an unprofitable, poorly-run business in preference to a well-run business because the poorly managed firm needs the business more and clearly is not profiting at the expense of other residents of the reserve. In contrast, Canadians for whom the individual entrepreneurship concept is acceptable seem reluctant to patronize poorly run businesses for fear they may not survive to provide service, and would rather deal with the obviously successful firm. It appears the "entrepreneurial traits" mode may require some allowance for cultural differences.

In spite of the obvious difference of opinions, the literature which hypothesizes the existance of entrepreneurial traits may be summarized in the characteristics of entrepreneurs shown in Table 2.

Table 2: Entrepreneurial Traits (from Hornaday and Aboud (1971))

Creativity
Initiative
Need to achieve
Ability to take moderate (neither high nor low) risks
Leadership
Independence
Determination
Dynamism and energy
Diligence
Perseverance
Flexibility
Foresight
Positive response to change
Resourcefulness
Self confidence
Ability to get along with people
Responsive to suggestions and criticisms
Profit orientation
Perceptiveness
Optimism

Begley & Boyd (1987) summarized much of the work in this area further by examining the most dominant characteristics often associated with successful self-employed Americans. They found that founders of firms had "a higher need for achievement (McClelland, 1961), higher risk-taking propensities, and greater tolerance of ambiguity than non-founders." They also found that risk-taking propensity was well correlated with firms' return on investment or return on assets (ROA) up to a point. "Beyond that point, increases in risk-taking begin to exert a negative effect on ROA". This seems to be an important factor. Common lay wisdom assumes that successful business owners are risk-takers or even risk-seekers. In contrast, Begley & Boyd (1987) assert that successful

business owners accept a moderate amount of risk, but when excessive risk is taken on, financial success eludes the owner. Similarly, Bruce (1976) and Toulouse (1979) found that moderate (neither high nor low) risk taking equates well with financial success. It would seem that successful business owners accept the necessary risk, but then seek ways to limit the risk in an attempt to improve their chances for success. Could this be one difference between entrepreneurs and small business owners? Do true entrepreneurs accept but limit their risk while small business owners either are unwilling to take any risk or accept excessive risks? Would that partially explain their differing financial success and the "roller coaster ride" frequently quoted in the literature as having been experienced by small business owners as they alternately accept very low and very high risk situations?

What about cultural differences? For example, Chew and Koh (1993) examined personality traits of entrepreneurs in Singapore and compared such traits with those reported in the European and American literature. They found that their "results are generally consistent with the literature", in that the subjects exhibited an internal locus of control, "a high need for achievement and strong determination and drive and are moderate risk takers. While the results do not support high tolerance for ambiguity as a characteristic of the entrepreneur, they indicate that this characteristic together with strong determination and drive are the best predictors for "success". However, the

predictive power of the model is low". This, and similar articles, may lend credence to the concept that entrepreneurial traits are independent of ethnic origin, although the manner in which the business is operated may differ, as seen in the description of community entrepreneurship mentioned previously.

These traits, however, may not correlate with leadership style. Petzall and Teo (1993) examined leadership styles of Singaporean small business owners of various ethnic origins. They found that "there may be a distinctive Singaporean leadership style in small business. The preference of all the main racial groups [in Singapore] for the directive style could be interpreted in this manner, though an examination of the culture and traditions of each group suggests that each may, independently, have a preference for the same style."

More intriguing was Petzall and Teo's (1993) conclusion that "there appears to be a relationship between leadership style and length of business operation - - - with the directive style predominating in the early stage and the delegative style at a later stage". Early stage businesses are new ventures or small businesses, probably using simple structures. Those which survive and evolve into successful entrepreneurial adhocracies would show a delegative style suited to the adhocractic form. Did they survive because the owners delegated authority and adopted an entrepreneurial adhocractic style from the start or did they adopt a delegative leadership style as their firms evolved and

succeeded?[12]

Begley and Boyd (1987) also found that internal locus of control - which corresponds to Hornaday and Aboud's (1971) independence, initiative, leadership, and self confidence - is associated with larger entrepreneurial firms, implying that such traits may produce successful firms. Acceptance of limited risk, internal locus of control, and related characteristics imply a healthy, well-adjusted person without major psychological problems. Are these characteristics of entrepreneurs as opposed to small business owners?

It is worth noting in particular, however, that Begley and Boyd (1987) found "little relationship between psychological attributes and financial performance", even though a "number of previous studies - - - led us to predict relationships. The psychological variables used are ones that recur in the literature about entrepreneurs. [Their] results run counter to these earlier studies." It appears that, although the traits noted in Table 2 above may be associated with venture creation, the only major such traits associated with venture success may be internal locus of control, moderate risk taking propensity, and ability to delegate, along with operational sensitivity to local cultural and social conditions.

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[12] The reader may find it interesting to refer to Figure 2 on page 22 at this point.

Indeed, Begley and Boyd (1987) conclude that "psychological features commonly linked to successful venture creation do not generalize to success in ongoing small business management." They imply that the traits identified in Table 2 relate to those who enter the field, whether successful or not. These are traits found among the people who were assessed by researchers who did not make the distinction between "entrepreneur" and "small business owner" proposed by Carland, et al, (1984). Making that distinction may have produced different personality traits for entrepreneurs and small business owners which indicate different success rates for the two personality types.

It may be hypothesized, therefore, that the traits shown in Table 2 are traits of new venture owners. The traits of internal locus of control, moderate risk taking propensity and ability to delegate (and their closely related characteristics, such as self confidence, initiative, profit orientation, optimism, leadership, independence, creativity, resourcefulness and need to achieve) may be hypothesized to be traits of those new venture managers who evolved into true entrepreneurs. And the remainder of the traits in Table 2 may be traits of those new venture managers who evolved into small business owners. To the traits of those who evolved into small business owners, the author would add "need for personal control of the business" as a result of discussions in chapter 2.

The entrepreneurial flair factor in the success wheel was roughly defined in

chapter 3 as "the intangible "something" in the personality of the owner or of members of the management team which turns a mediocre small business into an aggressive entrepreneurial business". Accepting the above hypothesis, therefore, defines entrepreneurial flair as including the following traits:

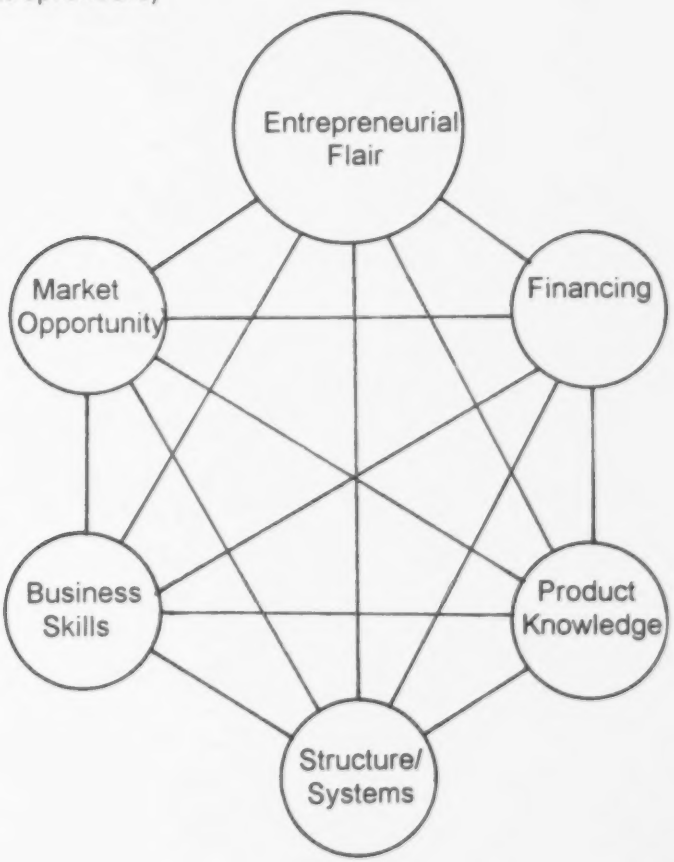
Major Traits	**Related Traits**
moderate risk taking propensity (neither high nor low risk)	self confidence
internal locus of control	initiative
ability to delegate	profit orientation
	optimism
	leadership
	independence
	creativity
	resourcefulness
	high need to achieve

The entrepreneurial traits mode of entry may be assumed to apply to a person developing an entrepreneurial venture instead of a small business venture if the entrepreneurial flair circle in the success wheel is restricted to include these traits.

Given that constraint on the definition of entrepreneurial flair, how might the entrepreneurial trait mode of entry look on the success wheel? Obviously, entrepreneurial flair would be expected to be large, while all other factors are undetermined. However, successful entrepreneurs would seem to have a moderate risk-taking propensity, which implies that financing, market

opportunity, product knowledge, and business skills all would be properly developed before the successful entrepreneur would accept any significant business risk. This implies a balanced wheel for successful entrepreneurs, but not necessarily so for unsuccessful entrepreneurs or small business owners. The success wheel for successful entrepreneurs would be as illustrated in Figure 8.

Figure 8
ENTREPRENEURIAL TRAITS ENTRY MODE
(successful entrepreneurs)



Appropriate government policies to encourage entrepreneurs who enter in this mode might include establishment of an "entrepreneurial environment", encouragement of formation of private and public venture capital (for example by providing tax incentives), and recognition through "excellence awards" and the like. Training and education needs for entrants would include the broad range of business skills (especially marketing) and technical product knowledge training, since only the entrepreneurial flair factor is certain to be large. There should be a strong emphasis on strategic management and techniques for managing rapid growth.

(b) Social Marginality Mode:

This mode identifies those people who feel they are on the margin of society, and go into business for themselves to establish an identity or to "make something of themselves". This group includes immigrants, poor people, perhaps business women, racially-discriminated minorities, people with psychological dysfunctionalities, and others who feel they "don't quite fit in" with mainstream Canadian society.

This mode gains considerable support in the literature. For example, Ray & Turpin (1990) found that, "while the "push" of a displacing event seems to be relatively unimportant among Japanese high-technology entrepreneurs, there

appears to be a strong relationship between social marginality and entrepreneurs - - - The dominant element in the motivation of high-technology entrepreneurs in Japan seems to be related to a drive for self-actualization."

Stanworth & Curran (1973) studied small business owners in Britain and subdivided them into first-operation owners (founders) and subsequent-generation owners of businesses founded by their parents or earlier ancestors. Major differences were found in their respective characteristics. Stanworth & Curran (1973) stated that "the outstanding characteristics shared by first-generation respondents was their social-marginality. For them, running a small business was the basis for developing an acceptable self-identity" (p.90). Stanworth & Curran (1973) found that such small business owners felt socially marginal as a result of some perceived deficiency in their childhood and upbringing. They were at once "driven" and "frightened". They craved success and recognition, but also feared failure.

Bruce (1976) notes that every small business owner had a "determining event", such as death of a parent or parental bankruptcy, which drove him into his own business. Bruce (1976) claims independent businessmen "frequently" reacted to this determining event by exhibiting a high need for power and control over their lives, and that such reaction was a result of earlier childhood circumstances (p. 50). In contrast, Bruce (1976) found that employees and

employee-managers did not show such a need for power and control. Once again, such characteristics seem more typical of a small business owner than an entrepreneur.

Bruce (1976) found that, for British owners of small businesses, "the individual is heavily influenced by his past. The stratum of society in which he grew up and his relations with parents, peers and schoolteachers all affect his patterns of bevaviour." Collins, Moore & Unwalla (1964) studied 110 small business owners in the U.S., and found a very large number (apparently nearly all) came from "difficult childhood circumstances", ranging from poverty to "outright child abuse". These are socially marginal people. And they are socially marginal as a result of childhood circumstances. They sound quite different from the people described under the entreprenerial traits model as having an internal locus of control and other indicators of being well adjusted. A person who is "driven" and "frightened" is not likely to be a person who can calmly accept moderate risk. Instead, such a person would be more likely to accept extreme risk in one heroic attempt to "score big", or alternatively, to avoid all risk out of fear.

For a person lacking in self-esteem. a moderate risk position is, paradoxically, personally threatening. If the business fails even though it is in a moderate business risk situation and has all the resources it needs, the only remaining possible reason for the failure would be the incompetance of the

owner/manager. Thus, the moderate business risk situation becomes a high psychological risk situation for a person lacking in self-esteem. It would be easier for such a person to occupy either the low business risk position, in which there was little chance of business failure, or the high business risk position, in which a subsequent business failure could be shrugged off with "oh well, it was a long shot anyways".

It appears that this entry mode may describe the small business owner instead of the true entrepreneur.

The success wheel for a person entering in the social marginality mode (Figure 9) likely will show little entrepreneurial flair as a result of their inability to relinquish control or allow expansion. The structure/systems circle will be small, because the owner will insist that all control mechanisms must run through him or her. There is no reason to assume any particular size for the other factors.

Figure 9
SOCIAL MARGINALITY ENTRY MODE

Appropriate government policies to encourage people who enter in this mode could include self esteem raising and support for programs of recovery from family and personal dysfunctionalities. Financial support must be appropriate for small enterprises or "microenterprises", rather than for larger businesses. A laissez-faire economic environment in which the government does not support competing larger entities would avoid inducing paranoia in the small business owner. Financial support and other assistance must have absolutely no strings attached and no accountability to government or commercial lenders to avoid the feeling of being under someone else's control, which runs counter to the owner's need for power.

Training and education needed for novice business owners entering in this mode would incluce self-esteem building, enhancement of their need for achievement, self-help or professionally-led support groups, and small business management skills training. Also included may be secondary programs available for those well into personal psychological development who can shift into the "entrepreneurial traits" mode previously described. This social marginality mode is one in which marketing training, product knowledge upgrading, and assistance in developing structures and systems would be of little or no use.

It would be very easy to provide excess financing which exceeds the capability under the entrepreneurial flair factor, even though the financing may be less than that required for the market opportunity identified.

COMPARISON OF THE MODES

Government support and institutional training programs have been suggested for each of these models. They are summarized in Table 3:

Table 3: Comparison of Needs Depending on Modes of Entry

1. ECONOMICS BASED MODES	2. PSYCHOLOGIALLY BASED MODES
(a) Economic Opportunity Mode	(a) Entrepreneurial Traits Mode
- must be socially acceptable to become an entrepreneur.	- an "entrepreneurial environment"
- private and public venture capital (tax incentives)	- private and public venture capital and tax incentives
- business skills training (especially marketing)	- recognition through excellence awards, etc.
- training in preparing business plans and raising capital	- business skills training (especially marketing)
	- product knowledge training
	- emphasis on strategic management and techniques for managing rapid growth
(b) Economic Difficulty Mode	(b) Social Marginality Mode
- financing readily available for people with no income, who do not qualify for commercial loans, and who may present "special circumstances"	- recovery programs for personal and family dysfunctionalities
- business skills training (especially marketing)	- self-esteem building workshops
- government support for interim income maintenance	- enhancement of need for achievement
- some training in entrepreneurship skills	- self-help or professionally-led support groups
	- professional counselling
	- small business management skills training
	- secondary programs available for shifting into the entrepreneurial traits mode
	- no training in marketing, strategic management & product knowledge
	- no assistance for structure/ systems development
	- extremely limited financing, but that which is provided must come without "strings" attached

Two conclusions may be made from this analysis:

First, the appropriate government support and the training needs of entrepreneurs are fairly similar across the first three modes, except that the economic difficulty mode requires income support. Indeed, the requirements of all three of these programs are similar to government programs now in place, which concentrate on providing an encouraging economic environment, financing based on the market opportunity (financing which usually comes with constraints on use and accountability to the funding agency), training in business skills, consulting services to help develop structures and systems, marketing training, assistance in identification of market opportunities, and, if needed, income support while training and during the early period of self-employment.

Second, no government support programs or training programs seem to exist for business owners who fit the social marginality mode. This last mode requires training to be concentrated in personal growth and psychological development, while financing needs to be restricted until such personal growth takes place. (Indeed, programs based on traditional business training can encourage a feeling of being controlled

by institutions and thus enhance the feelings of social marginality.)[13]

Someone entering the field of small business under the social marginality mode who is offered the full range of existing (and inappropriate) government support and the most common institutional training, might see their success wheel change as illustrated in Figure 10.

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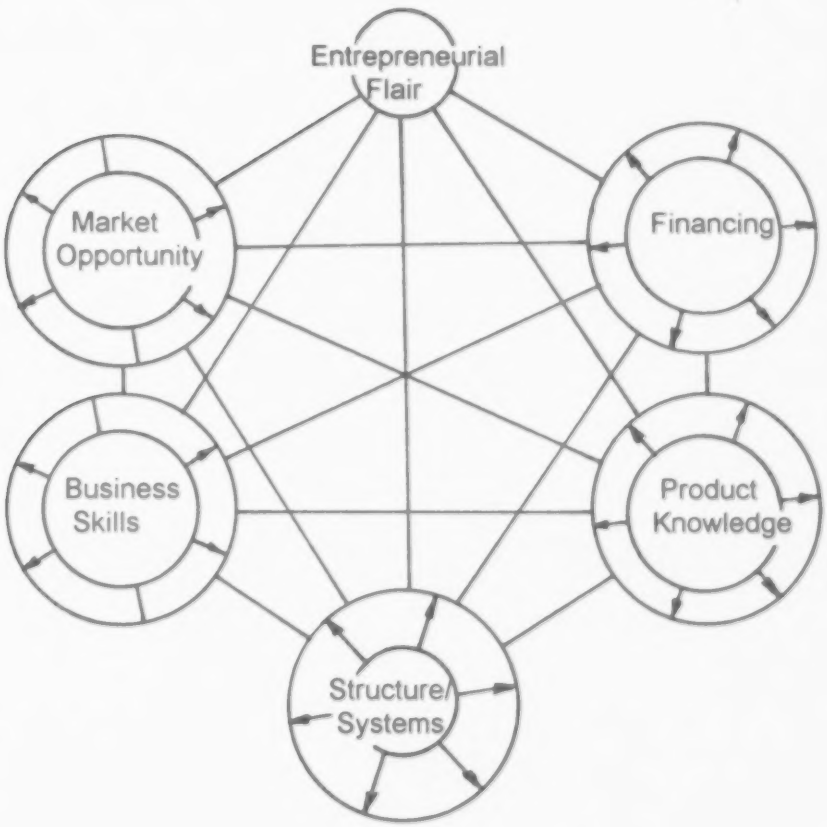
[13]The Canadian Jobs Strategy is one program which provides the type of personal growth support envisioned. A part of this strategy ("community futures") offers training to unemployed persons who wish to start small businesses. By definition, unemployed persons would likely enter business in the economic difficulty mode, but they may also have another (even more dominant) mode. It seems most likely that the two "negative" or "push" entry modes - economic difficulty and social marginality - would be found together in the same person with one or the other dominating. So the Canadian Jobs Strategy may be one government program which does indeed have the focus to assist persons entering in the social marginality mode, but only if the local managers of the program are aware of (and accept) the validity of the two negative or "push" modes of entry.

Figure 10
SUCCESS WHEEL FOR SOCIALLY MARGINAL ENTRANTS WITH PRESENT TRAINING AND ASSISTANCE PROGRAMS



In spite of the best efforts of the support and training programs, the Success Wheel exhibits the "flat tire syndrome" characteristic of a firm which somehow never reaches its potential. The key is that the entrepreneurial flair circle is never addressed through personal growth programs. Large levels of assistance and support in all the other areas will not compensate for the lack

of assistance in this limiting factor, and the firm is doomed to remain at the smallest level of activity (ie: a "microenterprise"), constrained by that limiting factor.

Such a firm may be forced to grow larger because of the desire to meet the market opportunities, or the wish to follow the logical recommendations of consultants, or the need to meet the terms of a financing agreement. In such a circumstance, the overexpansion of one or more of the related factors would be expected to eventually cause a "blow-out", and the collapse of the firm.

CHAPTER 5

MODIFYING THE FRAMEWORK FOR ABORIGINAL STUDENTS

The main objective of this thesis is to develop a framework for designing programs to train potential business owner/operators, not to design the actual programs. This framework was laid out in chapters two through four as a three part procedure. A second objective is to modify that framework to make it more applicable for aboriginal trainees. This chapter addresses that modification.

The first two parts of the framework are independent of the origin of the business owners: chapter two described how to define the general program to be offered, and chapter three outlined a method for determining the appropriate assistance based on the firm's weaknesses. Those are specific to the institution and the firm. As such, they do not really relate to a specific ethnic group or to the individual and need no modification.

Chapter four, however, addressed personal characteristics of the individual business owner and his or her personal reasons for getting into business. That relates to the origin of the trainees. So modifying the framework for a specific group first requires examination of the typical background of people in that group to determine their most likely modes of entry.

In chapter one, aboriginal clients were divided into four groups: status Indians living on reserves, "urban Indians", Metis and Inuit. Because status Indians living on reserves are readily identified and easily targeted by government-sponsored training programs, the balance of this paper will focus on this group, which constitutes about one-quarter of the aboriginal population of Canada.

In this chapter, the most likely characteristics of this group of potential students will be outlined, and the most appropriate entry modes for such a group will be identified in several sections. First, the most likely of the two economics based modes will be determined. Second the most likely of the two psychologically based modes will be determined. Then the most likely economics mode and the most likely psychological mode will be combined to identify the nature of a suitable training program. Finally, additional considerations for this group of students will be briefly outlined to expand on the nature of the program.

IDENTIFYING THE MOST LIKELY ECONOMICS-BASED MODE

Many writers, such as Shapero (1975), Shapero and Sokal (1982), Knight (1983), Vesper (1983) and others, claim that the economic difficulty mode is more common than the economic opportunity mode for North Americans as a whole. Other writers, such as Blatt (1985), contend that the economic

opportunity mode is more common among Canadians. But Blatt (1985) still found that 25% to 33% of Canadians are unemployed or underemployed before they start their businesses, indicating that the economic difficulty mode may be dominant among approximately one-quarter to one-third of Canadians who enter business. Even unemployed entrants, however, normally have some assets, such as a house, to pledge to banks as collateral for business start-up loans.

Indians living on reserves typically lack such usable assets. Land in a Canadian Indian reserve is Crown land reserved for the use of Indians and cannot be owned by the band members or anyone else. Residents normally rent band-owned housing on this crown land, and therefore have fewer assets than most non-Indian business owners when applying for bank loans. Furthermore, the Indian Act prohibits any non-Indian lender from seizing the assets of an Indian located on a reserve, thus eliminating the owner's ability to pledge assets as collateral. Accordingly, even if Indians resident on reserves have incomes at the same level as other Canadians, they will have more financial difficulty starting a business because they have fewer assets to pledge as collateral to obtain their working capital.

Against that background, a comparison of income and employment statistics between Indians and the general Canadian population will indicate whether

Indians on reserves are more likely to enter business in the economic opportunity mode or the economic difficulty mode.

Table 4 summarizes data from Statistics Canada (1986) on 1985 employment and income for all Canadians, for Canadians claiming aboriginal ethnic origin, and for Canadians claiming "single origin" aboriginal ethnic origin.[14] The latter category is a reasonable approximation of the income situation of Indians living both on and off reserves across Canada.[15]

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[14] In Statistics Canada's definition, "single origin" aboriginal people are "pure blood" Indian or Inuit. This does not include Metis or other people who have partial Indian or Inuit ancestry.

[15] Statistics Canada notes, however, that information collected on reserves is incomplete as census taking is frequently "interrupted" or forced to stop entirely on some reserves .

Table 4: Income Statistics, 1985

	ALL CANADIANS	ALL ABORIGINAL	SINGLE ORIGIN ABORIGINAL
Population over 15 years	19,917,355	451,950	241,330
Number in labour force	13,141,750	272,540	120,970
Proportion in labour force	(66%)	(60%)	(50%)
Unemployment rates:			
15-24 years old	18%	32%	42%
over 24 years	8%	19%	26%
Proportion of employed persons who are:			
Employed full time	89%	37%	31%
Employed part time	11%	63%	69%
Distribution of persons over 15 years by annual income categories[16]:			
under $5,000	19%	31%	35%
$ 5,000 to $ 9,999	20%	24%	27%
$10,000 to $14,999	14%	13%	13%
$15,000 to $19,999	11%	9%	8%
$20,000 to $24,999	9%	7%	6%
$25,000 to $29,999	8%	5%	4%
$30,000 to $34,999	6%	4%	3%
$35,000 and over	13%	6%	4%
Median income	$13,694	$ 8,872	$ 7,591
Mean incomes:			
All employees	$18,188	$12,899	$10,694
Full time employees	$18,733	$23,265	$20,988
Part time employees	$ 5,597	$ 8,233	$ 7,547

Aboriginal people over 15 participate in the labour force at a lower rate than other Canadians. Normally, that should mean that marginally-qualified people would not be in the work force, and so unemployment rates would be low. In contrast to this expectation, the proportion of those people of aboriginal origin who are in the labour force but who are unemployed is two to three times

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[16] Note that "Income" here includes social assistance receipts, which may be received for part of the year by part-time employees as well as all year by unemployed persons. DIAND (1980) notes that poverty among status Indians is common, with "between 50% and 60% of the Indian population receiving social assistance" at some time during the year.

greater than for other Canadians. Of those who are employed, 63% to 69% of aboriginal employees work only part time, compared to just 11% of all Canadians who work part time. So unemployment and infrequent employment seems rampant among aboriginal Canadians.

That has an adverse effect on annual incomes among aboriginal people, in spite of the availability of unemployment insurance and social assistance. As shown in Table 4, the mean incomes of aboriginal people employed part time are actually higher than for other Canadians employed part time, and mean incomes of aboriginal people employed full time are higher than for other Canadians employed full time. But, because the majority of employed aboriginal people work only part time and therefore do not earn their wage all year long, the mean annual income for total aboriginal employees is about 30% below the Canadian mean. Unemployment and part time employment among aboriginal people produces a distribution pattern of annual income signifcantly lower than the distribution for all Canadians, with about four-fifths of "single origin" aboriginal people having total annual incomes below the Canadian median income.[17] This indicates that job creation would have great impact among aboriginal groups.

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[17] In all cases, "single origin" aboriginal people have worse income characteristics than the total aboriginal population. This is ameliorated signifiantly by the fact that status Indians living on reserves pay no income tax on their income earned on the reserve, and by the fact that bands commonly subsidize the house rental rates on reserve housing.

As previously noted, various writers indicate that from one-quarter to a majority of Canadians enter business in the economic difficulty mode. Indians clearly have more economic difficulty than other Canadians. So it seems reasonable to conclude that the economic difficulty mode is better to use as a guide in designing programs for Indians living on reserves than is the economic opportunity mode.

IDENTIFYING THE MOST LIKELY PSYCHOLOGICALLY-BASED MODE

To identify whether Indians resident on reserves are more likely to enter business in the entrepreneurial traits mode or the social marginality mode, the social conditions prevalent in many Indian reserve communities need to be examined briefly. Typical of many writers on this topic, Boldt, Little Bear, and Long (1984) describe significant social disorders and dysfunctionalities among Indians living on reserve, noting that "the rates of social pathology among Indians - incidence of incarceration, alcohol abuse, and suicides - are in large part attributable to assimilation policies and the inability of Indians to control their own affairs". Such dysfunctionalities[18] have become part of the lifestyle

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[18] Care must be taken not to take the value system of one culture and apply it to another. What may be considered "dysfunctional" in one culture may be considered normal behaviour in another culture or another time. What one society considers physical cruelty, for example, another society might consider simply a way of "toughening up" a young person so he or she could withstand the rigours of a hard physical life.

of modern Canadian Indians, and might even be considered a form of their modern culture. Boldt et al (1984) note that all Indian groups have been subjected to the uniform and heavily bureaucratic rules of the Indian Act, the policies of the Department of Indian Affairs and their use of non-native "Indian Agents" against whom claims of racism have been leveled, the Indian residential school system, and other assimilation programs and policies of the Canadian government. Coupled with endemic poverty resulting largely from the elimination of the traditional native economy (such as buffalo hunting), those bureaucratic controls, racism and assimilative policies produced the "social pathologies" described by Boldt et al (1984).

Persson (1980) described conditions in Indian residential schools, and found them to be similar to prisons and other institutions in which inmates were "dispossessed" of their identity, pride in their origins and their self-esteem. Four Worlds (1984) echoes this theme when they describe the accompanying "loss of language and cultural identity, alienation between the older and younger generation, (and) severe psychological trauma for a whole generation of young people and their parents. The after effects of these painful experiences are still being felt in terms of social problems: child abuse and neglect, loss of good parenting skills, alcoholism, and unemployment, to mention just a few."

Indians from smaller reserves where high schools could not be justified by the small school population were (and are) bused to nearby public high schools. In those public schools, native students are commonly subjected to racial prejudice and denigration of their race, culture and tradition (Bastien, 1994; Warrior, 1994).

Many Indians turned to alcohol in an attempt to cope with these effects. Alcoholism and alcohol-related problems are common on most reserves (Four Worlds, 1984). On the Blood Reserve, it has been estimated that alcohol has been abused by 70% of the population over age 12, although many of these are now "recovering alcoholics" as the society heals itself (Mistaken Chief, 1990). Other reserves have seen even higher rates. For example, Alkali Lake Reserve is reported to have once had a 75% to 100% alcohol abuse rate among people older than 12, but is now down to 4% (Four Worlds, 1984). Two decades ago, between 50% and 60% of Indian illness and deaths were alcohol-related (DIAND, 1980). In the late 1970s, "hospital admissions for alcoholic psychosis and alcoholism for Indians in the 25-55 age group were five times the national rate" (DIAND, 1980). Family violence of all types is very high, with some sources estimating about 50% rates on most reserves (Stiffarm, 1990).

With substance abuse and family violence rates this high, it could be concluded that a large proportion of the population on Indian reserves now comes from

dysfunctional origins of some form, with some people affected more than others. Indeed, simply being a member of a socio-cultural or ethno-cultural group not previously respected by society at large introduces a level of social marginality. Perhaps even more importantly, entire neighbourhoods and communities on reserves accept these characteristics as a way of life. Even if one's own family functions very well, when many of one's neighbours exhibit "social pathologies", the neighbourhood dynamics will exhibit these characteristics, and they gradually will become accepted as part of the modern native way of life. That is "how things are done here".

For the purposes of this paper, it need only be noted that it is likely that a greater proportion of Indian business owners than other Canadian business owners would enter self-employment through the social marginality entry mode instead of the entrepreneurial traits mode. Ignoring the social marginality entry mode in programs designed for Indian entrants from reserves, therefore, would be a more serious omission than it would be in the case of programs designed for other Canadian business entrants.

COMBINING THE ECONOMIC DIFFICULTY AND SOCIAL MARGINALITY MODES

The previous two sections determined that a design framework targeted at Indians living on reserves should pay more attention to the economic difficulty and social marginality modes than would be the case for programs targeting the rest of Canadian society. But how does one determine which of these two modes should dominate? That depends upon the individual trainee.

These two "negative" or "push" modes seem tightly linked, and it is difficult to separate them. Indeed, poverty was identified as one factor leading to a feeling of social marginality. The key is to determine which mode is the dominant one for the individual client. Is the client well adjusted psychologically, needing only financial assistance and business skills training to develop into a business owner? If so, then the economic difficulty mode dominates. Is the client struggling with feelings of inadequacy and low self-esteem, and do such feelings interfere with logical business management? Then the social marginality mode dominates.

Perhaps examining the single issue of poverty will assist in making the distinction. If the major impact of poverty on the particular individual being assessed is simply a lack of income or cash to start a business, the economic difficulty mode dominates. On the other hand, if the major impact of poverty on

that individual is to damage his self-esteem or her confidence and to produce a low sense of self worth, then the dominant entry mode is social marginality.

That does not mean that the other, secondary mode does not affect the entrant. For example, a poor entrant who comes to grips with the social marginality factors and overcomes them remains poor. Economic difficulty programs still will be required for such an entrant as a second phase of assistance. But application of those programs to solve the economic difficulty will have little effect unless and until the social marginality psychological impacts are addressed. A training program should identify and deal with the dominant mode first, and the secondary mode second..

Recall the discussion in chapter four which described entrants in both the economic difficulty and the social marginality modes as exhibiting characteristics typical of the small business owner instead of the true entrepreneur. Jobs tend to be created in greater abundance by the entrepreneur than by the small business owner, and jobs clearly are needed on Indian reserves. The three main entrepreneurial traits which translated from business entry into business success were moderate risk taking propensity, ability to delegate, and internal locus of control. These are not traits likely to be found among people struggling to overcome personal dysfunctionalities.

It is hypothesized, therefore, that aboriginal business entrants are more likely than other Canadians to enter business in either the economic difficulty or the social marginality modes, that job creation depends upon their ability to overcome dysfunctionalities related to social marginality, and that these two entry modes are likely to be found in combination, with one or the other dominating.

If this hypothesis is true, then training programs which fail to address the social marginality mode of entry are more likely to fail with the average group of Indian clients than with an average group of non-native clients.[19] And programs which address only the social marginality mode without being backed up by features related to the economic difficulty mode also would be likely to fail with the average group of Indian clients. A similar argument could be made for a program which has the economic difficulty mode as its main thrust, but is not backed up by features related to the social marginality mode. Basically, programs designed for Indians living on reserves need features of both modes, with the order in which these features will be required depending upon the needs and background of the individual trainee. The features of these two programs were laid out in Table 3 above, and are repeated here:

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[19] Note that this projected high failure rate with an average group of Indian clients is due solely to the fact that more members of that group are likely to enter in the social marginality or economic difficulty modes than would be the case among members of the other group. Those members of the non-native group who happen to enter in either the social marginality or economic difficulty modes are likely to experience the same difficulties as Indian clients who enter in those modes.

Economic Difficulty Mode

- financing readily available for people with no income, who do not qualify for commercial loans, and who may present "special circumstances"
- business skills training (especially marketing)
- government support for interim income maintenance
- some training in entrepreneurship skills

Social Marginality Mode

- recovery programs for personal and family dysfunctionalities
- self-esteem building workshops
- enhancement of need for achievement
- self-help or professionally-led support groups
- professional counselling
- small business management skills training
- secondary programs available for shifting into the entrepreneurial traits mode
- no training in marketing, strategic management & product knowledge
- no assistance for structure/ systems development
- extremely limited financing, but that which is provided must come without "strings" attached

To test the hypothesis, additional field programs need to be developed in which training programs and personal assistance are provided based on either the social marginality mode or the economic difficulty mode as dominant, with the other one as secondary. Graduates could then be tracked to determine their success in entering business, in raising capital, in subsequent business operations, and in job creation.

Note that, in this regard, business "success" needs to be well defined. In many cultures such success may not involve simply financial wealth. It may include job creation (including a job for the owner), community development, personal skill development, personal satisfaction, family security, and a range of other factors. So the appraisal process will need to go through a pre-project exercise

which determines the meaning of "success" to each new business owner being tracked. Such a definition may change between cultural groups, between socio-economic strata, and between individuals within any group.

It is further noted that the analysis concentrated on status Indians living on Indian reserves. Although there are reasons to believe that the hypothesis is transferable to Inuit, Metis, non-status Indians, and status Indians living elsewhere, that remains to be shown.

OTHER CONSIDERATIONS IN PROGRAMS DESIGNED FOR INDIANS

In addition to framework adjustment, two additional features need to be identified when designing programs on reserves: the experience of the trainees with the free enterprise system and their cultural characteristics. Full exmination of these two considerations is beyond the scope of this thesis. But their identification will assist in understanding the rationale behind the program structure laid out in the next chapter. These considerations assist in developing the "entrepreneurial flair" factor in the success wheel, which was suggested in chapter four as the limiting factor for socially marginal entrants.

Business and Management Experience of the Potential Students

Indians living on reserves generally have seen or worked in only the following organizations:

(a) government bureaucracies such as the Department of Indian Affairs,

(b) their own "band" government, operated by band members under the guidelines, rules and training set up by the Department of Indian Affairs.

(c) businesses owned and operated by the band government, and designed to operate within the rules of the band government and the Department of Indian Affairs,

(d) Indian residential schools, and

(e) small businesses owned either by band members or by non-natives.

As previously outlined, small businesses tend to be owned by people who entered business in either the social marginality mode or the economic difficulty mode and so are oriented towards personal control by the owner. They commonly use a "simple structure" (Mintzberg, 1983), in which all workers report to the "strategic apex" or chief executive, in whom all power rests. A variant of the simple structure is "the autocratic organization. When a chief executive hoards power and avoids the formalization of behaviour as an infringement on his right to rule by fiat, he will, in effect, design a Simple

Structure for his organization" (Quinn, Mintzberg and James, 1988, p.534).

The other organizations with which Indians on reserves will be familiar all operate as machine bureaucracies. Minzberg (in Quinn, Mintzberg and James, 1988) describes the operating approaches found in machine bureaucracies:

> control is the forte of the Machine Bureaucracy - - - sometimes in spite of contradictory conditions (p. 551)
>
> The displacement of ends in favor of means, the mistreatment of clients, the various manifestations of worker alienation - all lead to tightening of the controls on behaviour. The implicit motto of the Machine Bureaucracy seems to be "When in doubt, control." All problems are to be solved by the turning of the technocratic screws. But since this is what caused the bureaupathologies in the first place, more of it serves only to magnify the problems, leading to the imposition of further controls, and so on . . . (pp 552-553).
>
> The Machine Bureaucracy is an inflexible configuration. As a machine, it is designed for one purpose only. It is efficient in its own limited domain but cannot easily adapt itself to any other. Above all, it cannot tolerate an environment that is either dynamic or complex. (P. 553)

But a dynamic and complex environment is exactly the environment in which a true entrepreneur seeks to operate. Organizations such as the ones described are unlikely to be able to transform themselves into adhocracies to become true "entrepreneurial ventures". Instead, they likely will stay as either simple structures or machine bureaucracies - both of which exhibit high degrees of centralized control, against which socially-marginal people angry at previous attempts to control their lives will rebel.

Indians who have lived all of their lives on some of the larger Indian reserves where goods, services and jobs are provided by government agencies or by government-owned businesses have seen few, if any, other forms of organizations.[20] Adhocracies and entrepreneurial ventures are simply beyond their experience. Furthermore, those who come from a socially-marginal background are likely to operate in a manner which allows them to keep total control over their organization (Bruce, 1976; Schaef and Fassel, 1988).

It would be illogical, therefore, to expect people from this background to be able to develop reasonable business plans calling for delegation of authority after taking a new venture development course. They simply lack the free market experience and exposure to entrepreneurial enterprises. Instead, training in day to day small business management would be likely to be most accepted by such students. This training in daily operations could be followed by a period of time in which they operate a business under the guidance of experienced true entrepreneurs who will handle marketing and business plan preparation for them. This will allow the Indian business owner to gain experience with the free enterprise system and to watch entrepreneurial adhocracies in action in the marketplace. Only after such an apprenticeship of sorts are they likely to be

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[20] Those who have worked or lived away from their reserves, or who live on smaller reserves close to larger communities are more likely to have seen other forms of organizations. Similarly, natives from the North West Territories or Yukon Territory will be used to operating their own businesses and, in fact, operating the government. So this appraisal is by no means universal.

receptive to rational business plan development, marketing courses, new venture programs or entrepreneurial training at the strategic adhocracy level.

Acknowledging Cultural Differences and Relevance

A final consideration is the cultural background of the students. For Indians in Canada, there are two levels of cultural and social conditions: the traditional level related to their specific First Nation, band, tribe or group, and a superimposed level which relates to their common experiences resulting from lengthy domination by Euro-Canadians. The superimposed level has been addressed already, and resulted in a generic framework for designing training programs to be offered on reserves based on the social marginality and economic difficulty entry modes. To make it specific to the group involved, the local culture then needs to be addressed.

It is hypothesized that an entrepreneurship training program would be more useful if it is developed jointly with the aboriginal group whose members will be students. Furthermore, the people with whom these programs should be developed are not the (native or non-native) economic development officers schooled in non-native techniques, but rather the traditional spiritual, cultural and political leaders.

Business concepts often are deemed "foreign" or "white" by native students, and the author has freguently heard native community leaders talk to the students about the need to "learn the white man's way to create jobs", as if business management were not world-wide and did not cross cultures. But it has been the experience of the author that students' attention is sharpened and their pride in their community and sense of self worth increase when an instructor takes the time to actually learn from the wisdom of the local elders, teaches business concepts using local native examples supplied by them, and shows genuine respect for the traditional concepts of the local native groups as interpreted by those elders. When a university instructor values their culture sufficiently to integrate it with business discussions, the students sense of their own value increases and they have more pride and confidence in themselves and in their community.

As discussed, these students have a high probability of coming from socially-marginal backgrounds. Their self-esteem is unlikely to be high. Importing a "foreign" concept and presenting it as superior to their own will not help that self-esteem. But interpreting the material in their own cultural terms and thus validating that culture appears to have had a positive effect on the self-esteem of students in classes taught by the author.

Note that what is important is the students' <u>perception</u> of their culture and

history. It is not really important that the anthropological history be precisely correct, although that would be desirable. It is necessary only that the students' own concept of their history and culture as interpreted by their elders is used in a way which makes business and entrepreneurship concepts acceptable to them. Historical examples presented by the students or elders - even if not precisely accurate according to academic sources - may be very valuable if the instructor is able to use that material to demonstrate the appropriateness of entrepreneurial training.

The Four Worlds Development Project at the University of Lethbridge Faculty of Education has been working for over a decade on developing culturally-relevant educational techniques for Canadian natives. Four Worlds (1989) advocates the use of a more holistic approach to education for natives - a program which suits very well the integrative nature of entrepreneurship. They emphasize the need for listening to the community and its elders, then using "community-based research" to build educational programs. Four Worlds believes that it is vital to connect with the community if the self-esteem of the students is to be enhanced. This concept is supported by the author, and is validated by his experiences teaching native students.

CHAPTER 6

STRUCTURE OF A TRAINING PROGRAM FOR INDIANS

As with the design of any product, developing a training course must take characteristics of the target group into account. It is proposed that any institution contemplating offering an "entrepreneurship training course" to any group use the three types of assessment tools developed in earlier chapters:

- Decide on the generic nature of the course or program to be offered. Will it address the needs of small business owners, new venture managers or true entrepreneurs? The needs of the client and the orientation of the program will be different for each group.

- Assess the capabilities of the firm being operated or proposed to be started. Using the success wheel, what is the limiting factor? If it is something other than business skills, product knowledge or entrepreneurial flair, there is little which an educational institution can do for the firm which will be effective. Help must come from other sources more appropriate for the limiting factor.

- Assess the individual business owner who intends to be trained. What

is his or her personal mode of entry into entrepreneurship, and therefore what sort of training does he or she need? One size does not fit all here. Inappropriate training wastes both time and money which could be used more effectively on proper assessment and appropriate training.

In the specific case of Indian clients, the dominant entry mode would be expected to be the social marginality mode, with the second most likely being the economic difficulty mode. These modes are likely to operate in tandom, with one or the other dominant. It is to be expected that such entrants will be well-suited to be small business owners, but not yet to be true entrepreneurs. This is partly because of their mode of entry. It also is partly as a result of their extensive background under the paternalistic control of government agencies. And, in some cases, it is partly because of their lack of experience with the free market system, profitable smaller enterprises, the flow of business, or other day to day operating aspects of business. With that background, and lacking business experience, the client's business plans would be expected to be somewhat impractical, to be more likely to be turned down for funding, and to be less likely to produce a profitable business.[21] In other words, the entrepreneurial flair factor in their success wheels would be limiting.

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[21] Not all native clients will lack experience with the free market system. Care must be taken not to characterize all native clients as a group lacking an understanding of business. Each client must be assessed individually. The scenario presented here is based on a "typical" person from that background. But not everyone is "typical".

For the type of client described above, it is proposed that the first training concentrate on day to day skills in small business management, accompanied by (culturally-appropriate) personal growth programs. Introducing business plan preparation (which is heavily oriented towards market evaluation) would be of limited use with clients lacking market experience.

After the initial training in small business management, the client can operate (as opposed to start up) a small business to gain the experience which is necessary to add a practical nature to future business plans the client might create. At this stage, of course, someone else will have to prepare the business plans and carry out the marketing.

Once the client has spent some time managing a small business - thus gaining experience with the market system - a second level program might include new venture development with its attendant training in marketing and business plan preparation.

The final level would involve true entrepreneurial training after the student has dealt with personal growth issues and so is ready to expand the entrepreneurial flair factor in his or her success wheel. After such additional training, the client should be ready to expand into new product lines or to delegate authority while expanding the business rapidly.

But this scenario implies that the student must be in a small business prior to starting one. How can this be done? This situation is well suited to an entrepreneurial incubator program, where small business owners trained only in day to day operations but not in marketing or start ups operate under the guidance of experienced advisors. These advisors would assist the clients with the creation of the new ventures and development of marketing plans. "Employee assistance programs" and similar personal growth assistance plus income support programs should be readily available.

In such an incubator, students would first be assessed according to the success wheel model and mode of entry. Those who entered in the social marginality mode would be trained in small business management and then actually operate a small business within the incubation shell. (Such training must follow a cultural model which is appropriate for the local community, so a national entrepreneurial incubator would be inappropriate.) After gaining experience, their success wheel would be reassessed and they could join those who entered in the economic difficulty mode in a second level new venture training program, with a concentration on market identification and entry. The graduates of this second level course would then have the facilities of the incubator still available to them until they get their new ventures established, after which they would be truly on their own. After substantial experience, such graduates would then be eligible for a third level course on true

entrepreneurship, concentrating on strategy, portfolio management and expansion of their entrepreneurial flair capability.

Using data from DIAND (1991) on the on-reserve population and dividing by the number of reserves, the average Indian reserve in Canada has a population of less than 500, half of whom are less than 17 years old. But, if an entrepreneurial incubator is to be culturally appropriate, it needs to be set up in a specific community rather than combining several communities. How could the cost of such incubators possibly be justified in each such tiny community?

The key may lie in using local Economic Development Officers ("EDOs"). Many of the existing EDOs in native communities were born in that community. They understand the local cultural and social factors. They understand the manner in which the technical training must be presented. If they are trained as entrepreneurs, as EDOs, and as teachers or trainers, they can function as mentors or "mini-incubators" for the native entreprenurial clients in that community. A similar approach can be handled with EDO training itself, using experienced outside business owners as mentors for the EDOs.

EDOs who will be training people at at the first level (small business management) must have been fully trained themselves in small business management and in training methods. Furthermore, if they are to act as a one-

on-one incubator for budding small business owners, the EDOs also must be able to create business plans and handle marketing for the new small business owners. So such EDOs must have received technical training at both the small business owner and new venture development levels and be able to function as mentors to small business owners. Similarly, in order to train new venture managers, the EDOs must have completed all three levels of training, including strategic management, and have gained experience both in business management and in teaching. This combined training program might be charted as shown in Table 5 (a course structure now copyrighted by CAMET, The Centre for Aboriginal Management at the University of Lethbridge):

Table 5: Combined Entrepreneurship and Economic Development Officer Training Structure

Business Owner	Nature of Training for Owner	Equivalent EDO	Nature of Training for EDO	Role of EDO
Small Business Owner	How to operate, basic finance, production, accounting	Basic EDO	Same as Small Business Owner plus understand how to assess applicants (eg: Success Wheel, mode of entry)	Assist more senior EDOs, supervise operations of Small Business Owner
	mentor / trainer			
New Venture Manager	Market analysis, marketing, business plan preparation	Project Development EDO	Same as New Venture Manager plus training as a trainer	Prepare business plans for Small Business Owners & help with marketing. Teach Small Business Management in the community.
	mentor			
Entre-preneur	Strategic management, portfolio management, delegation of authority, higher level of finance	Strategic EDO	Same as Entrepreneur plus public/ private sector joint planning for a mixed economy	Select which business plans will be funded. Advise local government on strategic plans & job creation. Teach New Venture Manager course in the community.

This program structure has been field-tested by CAMET. Starting in 1991, the initial small business management course and its accompanying "Basic EDO" training course was offered to both Indian and Metis EDOs in Quebec, Ontario and Alberta, with progessively improving response and results. Although no

rigorous field evaluation of the results has been carried out (which would require a decade-long appraisal of success rates of small businesses started by graduates), the native students in the courses exhibited reactions which might be paraphrased as "Aha! That's it!", or "Now I finally understand what has been happening to me." The three level training program and its rationale (as presented in this thesis) is readily accepted by the native students and experienced native economic development officers who have attended CAMET's classes (CAMET, 1994).

CHAPTER 7

CONCLUSIONS

It is concluded that:

(1) There are differences in the training requirements of business owners depending upon whether the program is generically designed for small business owners, new venture managers, or true entrepreneurs. Programs designed to train in one area will be misdirected in either of the other areas.

(2) Within one generic training program determined under conclusion (1), training requirements for the members of a specific firm can be determined by using a simple model presented and dubbed the "success wheel". Use of this model can produce several thousand customized training programs by adjusting and sequencing only six general areas of assistance. That model also can be used to assess the need for other assistance, such as financing.

(3) In addition to determining the generic training program and the sequencing for a specific firm, the individual business owner can be classified for personal training under one of four dominant "modes of

entry". Training and other assistance under three of the modes (economic opportunity, economic difficulty, and entrepreneurial traits) tend to be similar across the modes, with the exception that more interim financial assistance will be required under the economic difficulty mode. Training and assistance under the fourth mode (social marginality) is quite different from training required under the other three modes.

(4) For a variety of social, cultural and historical reasons, Canadian Indians who live on reserves seem to be more likely than other Canadian groups to enter business ownership in the social marginality mode or the economic difficulty mode.

(5) Many existing training programs (and other types of assistance) for novice business owners assume that the required training is common for all potential business owners, and that the appropriate training is that which is suitable for business owners entering in the economic opportunity, economic difficulty or entrepreneurial traits modes. It is difficult to find training programs or other assistance suitable for those entering in the social marginality mode. This omission is more serious when training Canadian Indians than when training other segments of Canadian society because of the greater probability that Indians will enter business in the social marginality mode. Any persons entering

business in the social marginality mode would be expected to have similar training and support needs, however.

(6) Introduction of an Indian-specific training program may need to take into account the very localized traditional culture for the program to be effective. Such a program should be developed in conjunction with local elders and the students themselves. So the general program designed may have to be redeveloped for each area and region in which it is offered.

(7) In this model, training Indian potential business owners who entered in the social marginality mode requires an incubator environment, because initially their marketing and business plan preparation will need to be carried out by mentors, and because psychological counselling and assistance will need to be made available. Such an incubator is too expensive to offered in the tiny communities common for native business owners.

(8) The need for both local content and a "mini-incubator" can be met by training local native econornic development officers to be both local mentors and trainers of business owners at the lower levels. This could be the key to an effective delivery system if the program is designed in

concert with the local customs and traditions.

(9) The proposed framework for program design should to be tested by comparing the results achieved by graduates of such a program with results achieved by graduates of other teaching programs.

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